



## **Green Thumb Industries (GTI) Reports Increased Third Quarter Revenue of \$68 Million and Adjusted Operating EBITDA of \$14.1 Million**

- *Third quarter revenue increased 296% year-over-year*
- *Expect to generate over \$200 million in total revenue for fiscal year 2019*
- *Retail expansion on pace with four new Rise™ stores opened during the quarter, bringing total new stores opened year-to-date to 14*
- *Ample liquidity and financial flexibility to support growth strategy*

**CHICAGO and VANCOUVER, British Columbia, November 20, 2019** -- Green Thumb Industries Inc. (“GTI” or the “Company”) (CSE: GTII) (OTCQX: GTBIF), a leading national cannabis consumer packaged goods company and owner of Rise™ and Essence retail stores, today reported its financial results for the third quarter ended September 30, 2019. All currency is in U.S. dollars, unless noted otherwise.

### **Financial Highlights**

- Third quarter 2019 revenue increased 296% year-over-year to \$68.0 million. Quarter-over-quarter revenue increased 52%. Topline results were driven both by organic growth across the Company’s consumer products and retail businesses as well as a full quarter of Integral Associates revenue.
- Gross margin before biological adjustments for the third quarter 2019 was 51.2% as compared to 45.6% in the prior year and 52.0% in the prior quarter.
- Net loss for the third quarter 2019 was \$17.1 million, as compared to net loss of \$22.2 million in the second quarter 2019.
- EBITDA<sup>1</sup> and Adjusted Operating EBITDA<sup>1</sup> for the quarter, as described in the accompanying financial table, was \$1.6 million and \$14.1 million, respectively as compared to a loss of \$9.4 million and gain of \$5.0 million, respectively for the prior quarter. Adjusted Operating EBITDA margin improved to 20.7% in the third quarter from 11.3% in the prior quarter.
- Current assets totaled \$123.8 million and included cash and cash equivalents of \$66.1 million. Total debt outstanding was \$96.9 million.
- Subsequent to quarter end, the Company completed a sale and leaseback transaction of its Danville, Pennsylvania cultivation and manufacturing facility with Innovative

Industrial Properties (IIP). IIP's total investment in the property will be \$39.6 million; proceeds will be used to support strategic expansion initiatives.

### **Management Commentary**

"We are pleased to deliver another quarter of solid execution highlighted by significant improvements to profitability on top of strong revenue growth. Our consumer products and retail businesses continue to scale as expected. Critical to our ongoing success is a strong balance sheet that provides us with ample liquidity and financial flexibility to support our growth plans," said GTI Founder and Chief Executive Officer Ben Kovler.

"We continue to make progress on the "Open and Scale" chapter of the business, solidifying our position in our current markets by investing in the infrastructure that is required to distribute brands at scale," Kovler continued. "We are starting to see leverage in the platform that we built. Our brand portfolio is now produced, distributed and sold in eight markets, a significant improvement from our position just one year ago, and yet this is just the beginning. To meet growing demand in key markets such as Illinois, Pennsylvania and Massachusetts, we continue to expand our cultivation and manufacturing capacity. Our stores are delivering same store sales that exceed our expectations. We are well positioned to end 2019 on a strong note and expect to generate over \$200 million in total revenue for the year as planned."

### **Consumer Packaged Goods Business Development**

- As of September 30<sup>th</sup>, GTI's family of consumer brands are produced, distributed, and available in retail locations in eight states (California, Colorado, Florida, Illinois, Maryland, Massachusetts, Nevada, and Pennsylvania), supporting the growing scale of branded product distribution.
- Branded product sales grew in all eight markets and increased approximately 50% quarter-over-quarter. Growth was driven by a combination of market growth, acquisitions and new distribution of the Company's brand portfolio. As of September 30<sup>th</sup>, GTI's branded products are sold in over 700 retail stores, including the Company's Rise and Essence retail stores.
- On August 22<sup>nd</sup>, GTI was awarded a cultivation license by the Ohio Department of Commerce. The cultivation operation will be located in Toledo and will also include a processing and manufacturing facility to produce its branded product portfolio.
- On August 23<sup>rd</sup>, the Company closed the acquisition of New York-based Fiorello Pharmaceuticals Inc., which includes one of only ten licenses for a cultivation and manufacturing facility in Schenectady County. Integration efforts remain on track.

- Expansion efforts of the Company's cultivation and manufacturing facilities continue to progress according to plan in Illinois, Massachusetts, and Pennsylvania.

### **Retail Business Development**

- Retail revenue increased 68% quarter-over-quarter, driven by organic growth generated from increased transaction activity in the Company's retail stores and a full quarter of Essence retail sales. Third quarter revenue included sales generated from 32 open stores across GTI's retail footprint.
- Comparable sales (stores open for at least 12 months) exceeded 50% off a base of 13 stores, driven primarily by increased transactions. Quarter-over-quarter comparable sales were up 22% off a base of 17 stores.
- During the quarter, GTI opened four new Rise™ retail stores in Florida, Pennsylvania and Ohio, bringing total new stores opened year-to-date to 14:
  - Florida: Opened two Rise™ stores in Oviedo and Hallandale Beach, bringing total open stores in the state to five with licenses to open 30 additional locations.
  - Pennsylvania: Opened Rise™ Hermitage, bringing total open stores in the state to seven with licenses to open 11 additional locations.
  - Ohio: Opened Rise™ Cleveland, bringing total open stores in the state to three. Future stores include two stores in Lakewood.
- On August 23<sup>rd</sup>, GTI closed the acquisition of New York-based Fiorello Pharmaceuticals Inc., which includes four retail stores in high traffic areas in Manhattan, Rochester, Halfmoon and Nassau County, three of which are open.
- Subsequent to the quarter on October 5<sup>th</sup>, the Company expanded its footprint in the Connecticut retail market with the acquisition of Bluepoint Wellness, a medical dispensary located in city of Branford. The acquisition complements its cultivation center in West Haven, and a future dispensary slated for Westport, Connecticut.
- Including the recent New York license and Connecticut retail acquisitions, the Company currently has 33 open stores across the nation with licenses to open a total of 96 locations. The Company reaffirms its previous guidance of 35 to 40 open stores at year-end.
- Following the launch of the Rise™ retail re-brand in the third quarter, the Company is rolling out the remodel of its Illinois adult use store locations ahead of adult-use legalization on January 1, 2020.

### **Corporate Development**

- On August 27<sup>th</sup>, GTI launched its Illinois License Education Application Program (LEAP) to reduce the barriers to cannabis business ownership for minorities and others most

impacted by the war on drugs by lending the expertise of the Company's in-house license application team to qualified social equity applicants. Since launch, the pro-bono program has counseled over one hundred applicants in the Illinois dispensary applications process.

- During the quarter, GTI was recognized as one of the Green Entrepreneur Top 100 Cannabis Companies.
- Subsequent to the quarter, Chief Strategy Officer Jennifer Dooley was named to the High Times Female 50 list, which honors the most influential women across the cannabis industry.
- Subsequent to the quarter, Senior Vice President, Government and Regulatory Affairs Dina Rollman was included in the Chicago Business Journal's Women of Influence list, which highlights successful business leaders who demonstrate a commitment to the community and mentoring other women.
- Subsequent to the quarter on October 15<sup>th</sup>, Macias Gini & O'Connell, LLC was appointed to succeed MNP, LLC as the Company's new auditor.
- Subsequent to the quarter on October 31<sup>st</sup>, GTI hired Beth Burk as the Interim Chief Legal and Compliance Officer.

### **Third Quarter 2019 Financial Overview**

Total revenue for the third quarter of 2019 was \$68.0 million, up 296% from \$17.2 million for the third quarter of 2018 and up 52% from \$44.7 million for the second quarter of 2019. Revenue growth was driven by expanded distribution of GTI's consumer product portfolio to third-party retailers and increased store traffic to GTI's 32 open and operating retail stores, particularly in Florida, Illinois, Nevada, and Pennsylvania.

In the third quarter, GTI generated revenue from 11 of its 12 markets: California, Colorado, Connecticut, Florida, Illinois, Maryland, Massachusetts, Nevada, New York, Ohio and Pennsylvania. The Company also ramped up expenses related to the build out of New Jersey, in preparation for revenue generation over the next six months.

Gross profit before biological asset adjustment for the third quarter was \$34.8 million or 51.2%, as compared to \$7.8 million or 45.6% for the same period last year. Gross profit after net gains on biological asset transformation for the third quarter was \$36.1 million or 53.2% as compared to \$8.5 million or 49.6% for the same period last year. Year-over-year gross margin improvement was driven by increased scale across the consumer packaged goods and retail businesses.

Total operating expenses for the third quarter were \$36.7 million, or 54.0% of revenue, as compared to \$13.9 million, or 80.8% of revenue, for the same period last year and \$32.5

million, or 72.6% of revenue, for the prior quarter. Total operating expenses include general and administrative (“G&A”) expenses, which totaled \$27.9 million for the quarter. G&A expenses include non-recurring acquisition and real estate related expenses of \$1.2 million and non-cash expenses related to stock-based compensation of \$4.7 million for the quarter.

Total other expenses were \$13.0 million for the third quarter as compared to total other income of \$8.1 million for the same period last year. The change primarily reflects a decrease in value from a variable note receivable in other income (expense) and debt-related interest expenses.

GTI generated Adjusted Operating EBITDA<sup>1</sup> of \$14.1 million, or 20.7% of revenue, for the third quarter of 2019 as compared to \$5.0 million, or 11.3% of revenue, in the prior quarter. EBITDA<sup>1</sup> was \$1.6 million for the third quarter of 2019 as compared to a loss of \$9.4 million in the prior quarter. Net loss attributable to GTI for the third quarter was \$17.1 million.

### **Balance Sheet and Liquidity**

As of September 30, 2019, current assets were \$123.8 million, including cash and cash equivalents of \$66.1 million and long-term liabilities of \$154.5 million. The Company had \$96.9 million total debt.

Total shares on a fully converted basis were 205,060,672 at September 30, 2019. Total fully diluted shares were 214,061,263 including options, warrants and restricted stock units (RSUs).

### **Additional Information**

Additional information relating to the Company’s third quarter 2019 results is available on SEDAR at [www.sedar.com](http://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 operating 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 and Unreviewed) 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 Wednesday, November 20, 2019 at 5:00 pm ET to discuss its financial results for the third quarter ended September 30, 2019. The conference call may be accessed by dialing 877-273-8145 (Toll-Free) or 647-689-5400 (International) with conference ID: 7085899. 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 consumer packaged goods company and retailer, is dedicated to providing dignified access to cannabis while giving back to the communities in which they serve. GTI manufactures and distributes a portfolio of branded cannabis products including Rythm, Dogwalkers, The Feel Collection, incredibles and Beboe, among others. The company also owns and operates rapidly growing national retail cannabis stores called Rise™ and Essence. Headquartered in Chicago, Illinois, GTI has 13 manufacturing facilities, licenses for 96 retail locations and operations across 12 U.S. markets. Established in 2014, GTI employs approximately 1,300 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](http://GTIgrows.com).

### **Cautionary Note Regarding Forward-Looking Information**

This press release contains statements which may 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 the future direction and business objectives of GTI. The forward-looking information in this news release is based upon the expectations, estimates, projections, assumptions and views of future events which management believes to be reasonable in the circumstances and expectations relating to general economic and market conditions. Any forward-looking information speaks only as of the date on which it is made, and, except as required by law, GTI does not undertake any obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise. The forward-looking information in this news release is subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those express or implied. When considering these forward-looking statements, readers should keep in mind the risk factors and other cautionary statements in GTI's public filings with the applicable securities regulatory authorities on SEDAR at [www.sedar.com](http://www.sedar.com), including the risk factors set out in GTI's annual information form dated July 10, 2018 (the "Risk Factors").

Without limiting the generality of the foregoing, the financial outlook (the "Financial Outlook") relating to estimated 2019 revenues may constitute forward-looking financial information for

purposes of applicable Canadian securities laws. Such Financial Outlook is included to provide readers with a deeper understanding of the projected financial performance of the Company with reference to historical performance and current management outlook and expectations. The Financial Outlook is included as a reference point only, is subject to the assumptions, qualifications and risks set out herein and may not be used or relied on for any other purposes.

The Financial Outlook is based upon the expectations, estimates, projections, assumptions and views of future events which management believes to be reasonable in the circumstances and expectations relating to general economic and market conditions. In particular, such assumptions include, without limitation, assumptions with respect to the financial performance of the Company (including revenue generation) in Q4 2019 being consistent with the financial performance of the Company for Q3 2019 and general market, industry and economic conditions. The Financial Outlook is subject to a variety of known and unknown risks, uncertainties and other factors that could cause actual events or results to differ from those express or implied, including, without limitation, the Risk Factors. GTI undertakes to update or revise the Financial Outlook only as required by applicable law.

The Canadian Securities Exchange does not accept responsibility for the adequacy or accuracy of this release.

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**Highlights from Unaudited and Unreviewed Interim Condensed Consolidated Statements of Operations and Comprehensive Loss**  
(Amounts Expressed in United States Dollars)

	Three Months Ended September 30,	
	2019	2018
Revenues, net of discounts	\$ 67,990,907	\$ 17,171,710
Cost of Goods Sold, net	<u>(33,187,397)</u>	<u>(9,337,105)</u>
Gross Profit before Biological Asset Adjustment	34,803,510	7,834,605
Net Effect of Changes in Fair Value of Biological Assets	<u>1,345,095</u>	<u>686,236</u>
Gross Profit	<u>36,148,605</u>	<u>8,520,841</u>
<b>Expenses:</b>		
General and Administrative	27,942,507	12,799,751
Sales and Marketing	1,781,880	439,259
Depreciation and Amortization	<u>7,009,306</u>	<u>634,310</u>
<b>Total Expenses</b>	<u>36,733,693</u>	<u>13,873,320</u>
<b>Loss From Operations</b>	<u>(585,088)</u>	<u>(5,352,479)</u>
<b>Other Income (Expense):</b>		
Other Income (Expense), net	(6,585,540)	7,974,505
Interest Income	407,509	430,430
Interest Expense	<u>(6,806,626)</u>	<u>(300,211)</u>
<b>Total Other Income (Expense)</b>	<u>(12,984,657)</u>	<u>8,104,724</u>
<b>Income (Loss) Before Provision for Income Taxes And Non-Controlling Interest</b>	<u>(13,569,745)</u>	<u>2,752,245</u>
<b>Provision For Income Taxes</b>	<u>3,304,333</u>	<u>10,000</u>
<b>Net Income (Loss) and Comprehensive Income (Loss) Before Non-Controlling Interest</b>	(16,874,078)	2,742,245
<b>Net Income and Comprehensive Income Attributable To Non-Controlling Interest</b>	<u>252,857</u>	<u>6,081,819</u>
<b>Net Loss and Comprehensive Loss Attributable To Green Thumb Industries Inc.</b>	<u>\$ (17,126,935)</u>	<u>\$ (3,339,574)</u>
<b>Net Loss per share - diluted</b>	\$ (0.08)	\$ (0.02)
<b>Weighted average number of shares outstanding - diluted</b>	211,175,706	144,562,121



**Highlights from Unaudited and Unreviewed Interim Condensed Consolidated Statements of Financial Position**  
(Amounts Expressed in United States Dollars)

	<u>September 30,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>
Cash and cash equivalents	\$ 66,121,654	\$ 145,986,072
Other current assets	57,638,387	28,409,968
Property and equipment, net	148,660,147	65,324,080
Intangible assets, net	352,718,982	91,565,678
Goodwill	407,965,774	29,324,360
Other long-term assets	<u>48,571,724</u>	<u>56,392,427</u>
 Total assets	 <u>\$ 1,081,676,668</u>	 <u>\$ 417,002,585</u>
 Total current liabilities	 \$ 105,626,299	 \$ 47,619,512
Notes payable, net of current portion	96,768,028	5,733,797
Other long-term liabilities	57,739,139	14,769,377
Total equity	<u>821,543,202</u>	<u>348,879,899</u>
 Total liabilities and equity	 <u>\$ 1,081,676,668</u>	 <u>\$ 417,002,585</u>

**Supplemental Information (Unaudited and Unreviewed) Regarding Non-IFRS Financial Measures**

EBITDA and Adjusted Operating EBITDA are non-IFRS measures and do not have standardized definitions under IFRS. 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.

**Adjusted EBITDA**

*(Amounts Expressed in United States Dollars)*

	<b>Three Months Ended September 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>Net income (loss) before noncontrolling interest (IFRS)</b>	\$ (16,874,078)	\$ 2,742,245
Interest income	(407,509)	(430,430)
Interest expense	6,806,626	300,211
Income taxes	3,304,333	10,000
Depreciation and amortization	8,741,452	766,856
<b>Earnings before interest, taxes, depreciation and amortization (EBITDA) (non-IFRS measure)</b>	<b>\$ 1,570,824</b>	<b>\$ 3,388,882</b>
Other income	6,585,540	(7,974,505)
Share-based compensation, non-cash	4,747,683	2,611,675
Acquisition, transaction, and other non-operating costs	1,188,930	-
<b>Adjusted Operating EBITDA (non-IFRS measure)</b>	<b>\$ 14,092,977</b>	<b>\$ (1,973,948)</b>