.Jushi

Jushi Holdings Inc. Reports Third Quarter 2020 Financial Results

Third Quarter 2020 Revenue Increases 67% Sequentially to $24.9 million;

Gross Profit Increases 64% Sequentially to $12.3 million;

Increases Fourth Quarter 2020 Outlook and Provides First Quarter 2021 Outlook

BOCA RATON, Fla., Nov. 24, 2020 -- **Jushi Holdings Inc. ("Jushi" or the "Company") (CSE: JUSH) (OTCMKTS: JUSHF)**, vertically integrated, multi-state cannabis operator, announced its financial results for the third quarter ended September 30, 2020. All financial information is provided in U.S. dollars unless otherwise indicated.

Third Quarter 2020 Financial Highlights

- Total revenue increased 67 percent sequentially to $24.9 million
- Gross profit of $12.3 million, an increase of 64 percent sequentially
- Net loss of $30 million
- Adjusted EBITDA[1] of $1.9 million, a $3.1 million improvement as compared to the second quarter of 2020
- $43.2 million of cash and marketable securities on the balance sheet as of September 30, 2020 and approximately $73 million on pro forma basis for same period including the October equity raise

Third Quarter Operational Highlights

- Closed equity acquisition of Pennsylvania grower-processor permit holder
- Closed on an approximate $33 million debt financing of 10 percent senior secured notes and warrants
- Opened 10th BEYOND/HELLO™ retail location and the 8th Pennsylvania Medical Marijuana dispensary in Reading, Pennsylvania

Recent Developments

- On November 24, 2020, the Company has exercised its right to accelerate the expiry date of subordinate voting share purchase warrants issued to participants in the Company's previously-announced private placement offerings, which closed in April 2018 and June 2018. The Company expects redemptions of these warrants to result in cash proceeds of approximately USD$30 million and in the issuance of approximately 15 million additional subordinate voting shares. However, there can be no assurance that any of the warrants will be exercised prior to the accelerated expiry date
- On November 23, 2020, Jushi announced its plans to nearly double the square footage of its Pennsylvania grower-processor facility in Scranton, PA to more than 160,000 square feet in a phased expansion, which will nearly triple its canopy space to approximately 98,000 square feet
    - The first phase of the expansion is expected to come online in mid-2021 and the final phase will be complete in Q2 2022
- On November 20, 2020, the Company announced it increased its majority ownership stake in its Virginia-based pharmaceutical processor license holder Dalitso LLC from ~62% to 79%, and plans to begin retail sales on December 1, 2020
- On November 19, 2020, the Company announced that Dalitso LLC, the Company's majority-owned, Virginia based pharmaceutical processor permit holder, has commenced operations at its cultivation, manufacturing, processing and retail facility in Manassas, Virginia and that the Company's retail brand, BEYOND/HELLO™, will begin dispensing medical marijuana dispensary sales on December 1, 2020
- On November 9, 2020, the Company announced the award of a provisional license for a medical cannabis cultivation in Portugal to its majority owned subsidiary Jushi Europe. Jushi is contemplating a spin-off to shareholders of Jushi Holdings Inc.'s 51% ownership in Jushi Europe
- On October 23, 2020, the Company closed on an approximate $29 million in net proceeds for its overnight marketed equity financing with proceeds to be used for opportunistic acquisitions. As of October 31, 2020, the Company had approximately $73 million in cash and short-term investments
- On October 14, 2020, the Company opened 11th BEYOND/HELLO™ retail location in Santa Barbara, California

[1] See "Reconciliation of Non-IFRS Financial Measures" at the end of this press release for more information regarding the Company's use of non-IFRS financial measures.

Management Commentary

"Jushi delivered another outstanding quarter, generating revenues at the high-end of our previously provided guidance range and achieving Adjusted EBITDA profitability for the first time in the Company's history," said Jim Cacioppo, Chief Executive Officer, Chairman and Founder of Jushi. "Our strategic roll out continues and I'm pleased with the initial reception following the recent openings of our latest BEYOND/HELLO™ retail stores in Santa Barbara, California and Reading, Pennsylvania. As previously announced, we are also looking forward to opening our first retail dispensary in Virginia, two additional stores in Illinois, and further enhancing our newly acquired grower-processor facility in Scranton, Pennsylvania."

Mr. Cacioppo added, "We continued to see strong momentum in the business as we exited the third quarter, and as a result, we expect to see further expansion in revenue and profitability through the balance of the year. We continue to optimize our operations, including allowing more transactions to be fulfilled through our online reservation system at BEYOND-HELLO.com, adding additional point-of-sale stations in our stores in Illinois and Pennsylvania, and leveraging data analytics to offer more targeted promotions. We have also upgraded our talent by adding several new hires in the third quarter with expertise in retail, cultivation, and security. The positive impact of these changes is just beginning to be realized, and we expect to be able to continue to deliver strong results in the fourth quarter and full-year 2021."

Financial Results for the Third Quarter Ended September 30, 2020

($ in thousands, except per share amounts)

	Quarter Ended September 30, 2020	Quarter Ended June 30, 2020	% change
Revenue	$ 24,913	$ 14,932	67%
Gross profit	$ 12,250	$ 7,472	64%
Net (loss) income	$ (29,999)	$ (9,308)	
Net (loss) income per share – basic	$ (0.31)	$ (0.10)	
Net (loss) income per share - diluted	$ (0.31)	$ (0.10)	
Adjusted EBITDA (loss) [1]	$ 1,930	$ (1,213)	

Revenue in the third quarter of 2020 ("Q3 2020") increased 67 percent to $24.9 million, compared to $14.9 million in the second quarter of 2020 ("Q2 2020"). The 67 percent increase in revenue was primarily driven by strong revenue growth at the Company's BEYOND/HELLO™ stores in Illinois and Pennsylvania, a partial contribution from the recently acquired Pennsylvania grower-processor permit holder, and improved market conditions in Nevada. On a same-store sales basis, revenue increased by approximately 45%, compared to the second quarter of 2020, excluding two temporarily closed stores in Philadelphia.

Gross profit in Q3 2020 was $12.3 million, resulting in a gross margin of 49 percent, compared to $7.5 million with a gross margin of 50 percent in Q2 2020. The $4.8 million, or 64 percent increase in gross profit over the prior quarter was primarily due to an increase in retail sales, the addition of the Pennsylvania grower-processor, improved product mix, improved procurement of product and more disciplined promotional offers.

Q3 2020 net loss was $30 million, or $0.31 per diluted share, compared to a net loss of $9.3 million, or $0.10 per diluted share, in Q2 2020. The $20.7 million increase in net loss in the third quarter was driven primarily by the increase in the derivative warrant liability prompted by the rise of the Company's share price from $1.31 at June 30, 2020 to $2.44 at September 30, 2020, partially offset by a net gain on a business combination, higher revenue and gross profit.

Adjusted EBITDA[1] in Q3 2020 was $1.9 million, compared to Adjusted EBITDA (Loss) $(1.2) million in Q2 2020.

Balance Sheet and Liquidity

As of September 30, 2020, the Company had $35.8 million of cash, as well as $7.4 million in short-term investments. Total current assets of $62.6 million and current liabilities of $41.2 million as of September 30, 2020. Net working capital at the end of September 30, 2020 was $21.4 million. The Company expects to incur capital expenditures of approximately $7 million to $8 million during the fourth quarter of 2020 and $25 million to $30 million during 2021, subject to market conditions. As of September 30, 2020, the Company had $99.0 million principal amount of total debt, excluding leases and property, plant and equipment financing obligations.

Subsequent to the quarter ended September 30, 2020, the Company received approximately $29 million in net proceeds for its overnight marketed equity financing round. As of October 31, 2020, the Company had approximately $73 million in cash and short-term investments, is fully funded for the build-out of the current portfolio, and has excess liquidity to pursue opportunistic acquisitions.

Operations Update

Pennsylvania:

In August 2020, Jushi announced the closing of its equity acquisition of a Pennsylvania Grower-Processor permit holder. The acquisition adds a 90,000 sq. ft. cannabis cultivation and processing facility that is strategically located within minutes of Interstate 81, Interstate 84 and the Pennsylvania Turnpike, enabling efficient wholesale distribution to the 98 dispensaries currently open across the Commonwealth, including the Company's eight operational BEYOND/HELLO™ dispensaries in Pennsylvania.

Since closing the acquisition, the Company's focus has shifted to optimizing the facility to ensure long term growth and market share expansion in the Pennsylvania market. Jushi has begun implementing a series of operational and facility improvements, including introducing new extraction technologies and equipment, implementing complete facility automation, and improving room utilization to double overall yield while increasing product quality. These upgrades, which will be implemented over the next twelve months, are expected to significantly increase the production of both pre-packaged flower and extracted products. Furthermore, as mentioned above, Jushi plans to significantly expand the building footprint as well as the cultivation space.

On July 15, 2020, in partnership with Agape Total Healthcare Inc, Jushi opened one new dispensary in Reading, Pennsylvania, bringing its total store count in the Commonwealth to eight medical dispensaries operating under the BEYOND/HELLO™ brand. The Company anticipates further consolidating its retail footprint in Pennsylvania, and opening an additional seven locations by the end of the third quarter 2021.

Illinois:

Jushi operates two BEYOND/HELLO™ retail stores in Illinois, serving both medical and adult-use customers. The stores are located in Sauget (adjacent to East St. Louis) and Normal (Bloomington-Normal metro area). Each store is also eligible to seek approval from the Illinois Department of Financial & Professional Regulation to open a second adult-use retail location, and such second retail locations are currently undergoing regulatory approvals and are under construction. Jushi plans to exercise both options and open the second Sauget location in December 2020 and the second Bloomington-Normal location in January 2021.

Virginia:

In August 2020, Jushi's majority owned Dalitso LLC, a Virginia-based pharmaceutical processor for medical cannabis extracts, received approval from the Virginia Board of Pharmacy to commence vertically integrated operations for the cultivation, processing, dispensing, and delivery of medical cannabis products to registered patients in Virginia. Dalitso is one of only five applications to have received conditional approval for a pharmaceutical processor permit issued by the Virginia Board of Pharmacy and one of only four to have received final approval and permit issuance.

In November 2020, the Company announced it commenced operations at Dalitso's pharmaceutical processor facility near the City of Manassas, and will be officially opening its first BEYOND/HELLO™ medical dispensary in Virginia on December 1, 2020. The Company also anticipates adding an additional five BEYOND/HELLO™ branded medical dispensaries in Virginia. The Company is targeting opening stores in Fairfax, Leesburg, Falls Church, Woodbridge, Arlington and Tysons Corner.

California:

In October 2020, Jushi opened its 11th retail location nationally: BEYOND/HELLO™ Santa Barbara and its first store in California. The city of Santa Barbara is a limited license market and currently only allows for three dispensaries to operate in the jurisdiction. The Company also previously signed a $3.1 million financing arrangement related to the real estate previously purchased in connection with this license. As previously disclosed, the Company plans to continue to develop its plans related to moving forward in the merit-based application process as one of only three selected applicants for a storefront retail (and ancillary delivery) permit in Culver City, California.

The Company will continue to pursue additional retail opportunities in specific limited license markets in California, particularly jurisdictions with high barriers of entry, limited market participants, and a firm handle on the local unregulated market.

Outlook

Mr. Cacioppo commented, "As a result of our expectation for continued strong operating results for the remainder of the year, we are increasing our fourth quarter 2020 revenues guidance from $25 to $30 million to $28 to $30 million and expect fourth quarter 2020 Adjusted EBITDA to be between $2.5 and $3.0 million. For the first quarter of 2021, we expect revenues to be between $37 and $40 million and Adjusted EBITDA to be between $4.0 to $5.0 million. We are also maintaining our 2021 revenue guidance of $205 to $255 million and our 2021 Adjusted EBITDA guidance of approximately $40 to $50 million."

Mr. Cacioppo added, "Jushi's growing retail footprint and best-in-class cultivation and processing assets are supported by strong managerial, operational experience, deep consumer insights, award-winning genetics, and a comprehensive suite of innovative brands. Through strategic M&A and key management hires, we have built a strong foundation to continue to drive outsized performance as we execute on the opportunity ahead."

The Company's MD&A and consolidated financial statements for the third quarter September 30, 2020, along with all previous public filings of the Company, may be found on SEDAR at www.SEDAR.com.

Conference Call and Webcast Information

Management will host a conference call and audio webcast on Tuesday, November 24th at 9:00 a.m. ET to answer questions about the Company's operational and financial highlights. The dial-in numbers for the conference call are +1-877-407-0792 (U.S. Toll-Free) or +1-201-689-8263 (International). Please dial in 10 to 15 minutes prior to the start time of the conference call and an operator will register your name and organization.

The conference call will also be available via webcast, which can be accessed through the Investor Relations section of Jushi's website, http://ir.jushico.com/.

For interested individuals unable to join the conference call, an audio webcast replay will be available and can be accessed on Jushi's Investor Relations site, http://ir.jushico.com/.

About Jushi Holdings Inc.
We are a vertically integrated cannabis company led by an industry leading management team. In the United States Jushi is focused on building a multi-state portfolio of branded cannabis assets through opportunistic acquisitions, distressed workouts, and competitive applications. Jushi strives to maximize shareholder value while delivering high quality products across all levels of the cannabis ecosystem. For more information please visit www.jushico.com or our social media channels, Instagram, Facebook, Twitter, and LinkedIn.

Forward-Looking Information and Statements

This press release contains certain "forward-looking information" within the meaning of applicable Canadian securities legislation and may also contain statements that may constitute "forward-looking statements" within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking information and forward-looking statements are not representative of historical facts or information or current conditions but instead represent only the Company's beliefs regarding future events, plans or objectives, many of which, by their nature, are inherently uncertain and outside of the Company's control. Generally, such forward-looking information or forward-looking statements can be identified by the use of forward-looking terminology such as "plans," "expects" or "does not expect," "is expected," "budget," "scheduled," "estimates," "forecasts," "intends," "anticipates" or "does not anticipate," or "believes," or variations of such words and phrases or may contain statements that certain actions, events or results "may," "could," "would," "might" or "will be taken," "will continue," "will occur" or "will be achieved". The forward-looking information and forward-looking statements contained herein may include but are not limited to, information concerning the expectations regarding Jushi, or the ability of Jushi to successfully achieve business objectives, and expectations for other economic, business, and/or competitive factors.

By identifying such information and statements in this manner, the Company is alerting the reader that such information and statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such information and statements. In addition, in connection with the forward-looking information and forward-looking statements contained in this press release, the Company has made certain assumptions. Among the key factors that could cause actual results to differ materially from those projected in the forward-looking information and statements are the following: the ability of Jushi to successfully achieve business objectives, including with regulatory bodies, employees, suppliers, customers and competitors; changes in general economic, business and political conditions, including changes in the financial markets; changes in applicable laws; and compliance with extensive government regulation, as well as other risks and uncertainties which are more fully described in the Company's Management, Discussion and Analysis for the three months ended September 30, 2020, and other filings with securities and regulatory authorities which are available at www.sedar.com. Should one or more of these risks, uncertainties or other factors materialize, or should assumptions underlying the forward-looking information or statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected.

Although the Company believes that the assumptions and factors used in preparing, and the expectations contained in, the forward-looking information and statements are reasonable, undue reliance should not be placed on such information and statements, and no assurance or guarantee can be given that such forward-looking information and statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such information and statements. The forward-looking information and forward-looking statements contained in this press release are made as of the date of this press release, and the Company does not undertake to update any forward-looking information and/or forward-looking statements that are contained or referenced herein, except in accordance with applicable securities laws. All subsequent written and oral forward-looking information and statements attributable to the Company or persons acting on its behalf is expressly qualified in its entirety by this notice.

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JUSHI HOLDINGS INC. AND SUBSIDIARIES
CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(in thousands of U.S. dollars, except share and per share amounts)

	Three Months Ended September 30, 2020	Three Months Ended June 30, 2020	Three Months Ended September 30, 2019
	(unaudited)	(unaudited)	(unaudited)
Revenue, net	$ 24,913	$ 14,932	$ 3,588
Cost of goods sold	(13,888)	(7,495)	2,066
Gross profit before fair value changes	$ 11,025	$ 7,437	$ 1,522
Realized fair value changes included in inventory sold	(761)	(33)	-
Unrealized fair value changes included in biological assets	1,986	68	26
Gross profit	$ 12,250	$ 7,472	$ 1,548
Operating expenses:			
General and administrative expenses	$ 4,295	$ 3,757	$ 3,608
Salaries, wages and employee related expenses	4,964	4,994	4,040
Share-based compensation expense	1,274	1,211	1,821
Acquisition and deal costs	88	159	30
Depreciation and amortization expense	1,310	1,064	787
Total operating expenses	$ 11,931	$ 11,185	$ 10,286
Income (loss) from operations before other (expense) income	$ 319	$ (3,713)	$ (8,738)
Other (expense) income:			
Interest income	$ 69	$ 38	$ 114
Fair value changes in derivative warrants	(36,888)	(3,748)	-
Interest expense and finance charges	(6,791)	(3,435)	(1,039)
Net gains on business combination	15,313	-	-
Gains (losses) on investments and financial assets	1,654	2,332	9,222
Listing expense	-	-	-
Other (expense) income	(1,826)	235	4,986
Total other (expense) income, net	$ (28,469)	$ (4,578)	$ 13,283
Net (loss) income and comprehensive (loss) income before tax	$ (28,150)	$ (8,291)	$ 4,545
Income tax expense	(1,849)	(1,017)	(389)
Net (loss) income and comprehensive (loss) income	$ (29,999)	$ (9,308)	$ 4,156
Net loss attributable to non-controlling interests	(573)	(429)	(71)
Net (loss) income and comprehensive (loss) income attributable to Jushi shareholders	$ (29,426)	$ (8,879)	$ 4,227
Net (loss) income and comprehensive (loss) income per share attributable to Jushi shareholders - basic	$ (0.31)	$ (0.10)	$ 0.05
Weighted average shares outstanding - basic	93,572,969	92,264,221	93,238,354
Net (loss) income and comprehensive (loss) income per share attributable to Jushi shareholders - diluted	$ (0.31)	$ (0.10)	$ 0.04
Weighted average shares outstanding - diluted	93,572,969	92,264,221	110,039,102

JUSHI HOLDINGS INC. AND SUBSIDIARIES
CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(in thousands of U.S. dollars)

	September 30, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		

Cash	$ 35,767	$ 38,936
Investments in securities	7,431	12,267
Other short-term financial assets	-	5,646
Accounts receivable	1,052	395
Prepaid expenses	4,552	2,565
Inventory	7,092	1,958
Biological assets	3,640	271
Deferred acquisition costs	-	2,320
Other current assets	3,046	188
Total current assets	$ 62,580	$ 64,546
NON-CURRENT ASSETS:		
Purchase option	2,670	-
Property, plant and equipment	68,015	22,592
Other long-term assets	1,580	1,181
Other intangible assets, net	140,327	93,686
Goodwill	28,055	28,055
Total long-term assets	$ 240,647	$ 145,514
Total assets	$ 303,227	$ 210,060
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 3,618	$ 1,182
Accrued expenses and other current liabilities	21,678	7,691
Short-term promissory notes payable	11,876	15,635
Short-term lease obligations	4,034	969
Short-term redemption liability	-	8,440
Total current liabilities	$ 41,206	$ 33,917
LONG-TERM LIABILITIES:		
Other liabilities	$ 2,842	$ 2
Long-term promissory notes payable	2,696	9,988
Senior notes	46,514	10,736
Derivative warrants liability	77,919	5,529
Long-term lease obligations	34,705	5,529
Deferred tax liabilities	25,709	20,334
Total liabilities	$ 231,591	$ 86,035
COMMITMENTS AND CONTINGENCIES		
EQUITY:		
Share capital and share reserves	$ 162,292	$ 163,032
Accumulated deficit	(102,588)	(48,667)
Total Jushi shareholders' equity	$ 59,704	$ 114,365
Non-controlling interests	11,932	9,660
Total equity	$ 71,636	$ 124,025
Total liabilities and equity	$ 303,227	$ 210,060

JUSHI HOLDINGS INC. AND SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of U.S. dollars)

	Nine Months Ended	Nine Months Ended

	September 30, 2020	September 30, 2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (55,203)	$ (13,642)
Adjustments to reconcile net loss to net cash used in operating activities:	-	-
Depreciation and amortization, include amounts in costs of goods sold	3,508	1,200
Share-based payments	3,804	3,752
Fair value changes in derivative warrants	38,049	-
Net gain on business combination	(17,515)	-
Losses (gains) on investments and financial assets	4,225	(9,252)
Finance charge on lease liabilities and financing obligations	2,006	299
Other non-cash interest expense	5,278	318
Deferred income taxes	(4,331)	-
Fair value changes on sale of inventory and on biological assets	(1,333)	(26)
Non-cash listing expense	-	1,361
Non-cash other expense, net	2,634	172
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	$ (251)	$ 128
Prepaid expenses and other current assets	(4,014)	(6,920)
Inventory and biological assets	(1,236)	(1,759)
Other long-term assets	(165)	(646)
Accounts payable, accrued expenses and other current liabilities	12,051	3,294
Other long-term liabilities		(380)
Net cash flows used in operating activities	$ (12,493)	$ (22,101)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for acquisitions, net of cash acquired	$ (27,458)	$ (46,967)
Payments for deferred acquisition costs	-	(4,270)
Purchases of property, plant and equipment	(12,417)	(6,949)
Sales and redemptions of investments in securities	12,157	-
Payments for investments in securities	(10,000)	-
Proceeds from (investment in) financial asset	5,193	(100)
Net cash flows used in investing activities	$ (32,525)	$ (58,286)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of shares for cash, net	-	$ 79,519
Proceeds from exercise of warrants	596	569
Proceeds from issuance of 10% Senior Notes and derivative warrants, net of financing costs	51,868	-
Principal and financing costs on promissory notes payable	(13,726)	(10,602)
Payments on lease obligations	(1,876)	(433)
Proceeds from financing obligation, net of payments	3,017	-
Contribution from non-controlling interests, net	1,994	-
Net cash flows provided by financing activities	$ 41,873	$ 69,053
Effect of currency translation on cash	(24)	-
NET CHANGE IN CASH	$ (3,169)	$ (11,334)
CASH, BEGINNING OF PERIOD	38,936	38,114
CASH, END OF PERIOD	$ 35,767	$ 26,780

JUSHI HOLDINGS INC.
RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

EBITDA and Adjusted EBITDA are financial measures that are not defined under IFRS. We define EBITDA as net income (loss), or “earnings”, before interest, income taxes, depreciation, and amortization. We define Adjusted EBITDA as EBITDA before: (i) fair value changes on biological assets and fair value changes on sale of inventory; (ii) share-based compensation expense; (iii) fair value changes in derivative warrants; (iv) net gain on business combination; (v) gains and losses on investments and financial assets; and (vi) gains and losses on legal settlements.

Adjusted EBITDA is not a recognized performance measure under IFRS, does not have a standardized meaning and therefore may not be comparable to similar measures presented by other issuers. Adjusted EBITDA is included as a supplemental disclosure because we believe that such measurement provides a better assessment of the Company's operations on a continuing basis by eliminating certain material non-cash items and certain other adjustments we believe are not reflective of the Company's ongoing operations and performance. Adjusted EBITDA has limitations as an analytical tool as it excludes from net income as reported interest, tax, depreciation, non-cash expenses, RTO expense, other income, grow cost expensed for biological assets and unsold inventory, and the non-cash fair value effects of accounting for biological assets and inventories. Because of these limitations, Adjusted EBITDA should not be considered as the sole measure of the Company's performance and should not be considered in isolation from, or as a substitute for, analysis of the Company's results as reported under IFRS. The most directly comparable measure to Adjusted EBITDA calculated in accordance with IFRS is operating income (loss).

Jushi includes a store in the same-store base if the store is operational for two consecutive full quarters. A store is not included in same-store sales if it is closed for one week or longer, such as for business interruption, remodeling, during the stated period. Same-store sales growth is primarily a result of changes in the number of customer transactions and changes in the average transaction size. Jushi’s same-store sales growth is primarily impacted by the expansion of its brand awareness, continued menu innovation and the use technology. Jushi’s same-store sales growth is also impacted by external factors including the macro-economic environment that could affect consumer spending.

JUSHI HOLDINGS INC. AND SUBSIDIARIES
Unaudited Reconciliation of Net Loss to Adjusted EBITDA
(in thousands of U.S. dollars)

	Three Months Ended September 30, 2020	Three Months Ended June 30, 2020
Net loss	$ (29,999)	$ (9,308)
Income tax expense	1,849	1,017
Interest expense, net	6,722	3,397
Depreciation and amortization (1)	1,370	1,089
EBITDA (Non-IFRS)	$ (20,058)	$ (3,805)
Non-cash share-based compensation	1,274	1,211
Fair value changes on sale of inventory and on biological assets	(1,225)	(35)
Fair value changes in derivative warrants	36,888	3,748
Net gain on business combinations	(15,313)	-
(Gains) on investments and financial assets	(1,654)	(2,332)
Loss on legal settlement	2,018	-
Adjusted EBITDA (Non-IFRS)	$ 1,930	$ (1,213)

(1) Includes depreciation included in cost of goods sold