



Jushi Holdings Inc. Reports First Quarter 2021 Financial Results and Delay in Filing of Annual and 2021 Q1 Filings

First Quarter 2021 Highlights

- Total revenue of \$41.7 million, an increase of 29.0% sequentially
- Gross profit of \$20.1 million, an increase of 14.1% sequentially
- Net loss of \$26.1 million, driven primarily by the increase in the derivative warrant liability, interest expense, income tax expense, and losses on debt extinguishment
- Adjusted EBITDA¹ of \$3.0 million
- \$167.9 million of cash and cash equivalents and investments in securities on the balance sheet as of March 31, 2021

¹ Adjusted EBITDA, which is a non-IFRS measure, excludes certain items which are detailed and reconciled to the most comparable IFRS-reported measure in the attached "Reconciliation of Non-IFRS Measures" at the end of this press release.

BOCA RATON, Fla., May 28, 2021 (GLOBE NEWSWIRE) -- [Jushi Holdings Inc.](#) ("**Jushi**" or the "**Company**") (**CSE: JUSH**) (**OTCMKTS: JUSHF**), a vertically integrated, multi-state cannabis operator, announced its first quarter 2021 ended March 31, 2021 financial results. All financial information is provided in U.S. dollars unless otherwise indicated. The Company is also providing an update with respect to the filing of the Company's audited annual financial statements for the year ended December 31, 2020, the related management's discussion and analysis, related CEO and CFO certificates and annual information form for the year ended December 31, 2020 (collectively, the "Documents").

As previously reported, the Company's auditor, MNP, had advised the Company that they expected to complete the audit and the filing of the Documents by May 28, 2021. Last night MNP has yet again notified the Company that it requires additional time to complete its audit procedures. MNP is now advising the Company that it expects to be ready to sign off on the audit by Friday, June 4, 2021, at which time the Company plans to file the Documents on SEDAR. The Company is not aware of any material issue with the auditor's review and expects an unqualified opinion.

This additional delay in the filing of the Documents will also result in a delay in the Company filing its MD&A and consolidated financial statements for the first quarter ended March 31, 2021, which the Company expects will be filed at the same time as filing the Documents. The Company's previous public filings may be found on SEDAR at www.SEDAR.com.

Recent Developments

- Closed acquisition of a 93,000 sq. ft. facility and nine acres of surrounding land operated by its wholly-owned subsidiary and Virginia-based pharmaceutical processor, Dalitso LLC
- Acquired 100% of the equity of Organic Solutions of the Desert, LLC, an operating dispensary located in Palm Springs, California, and approximately 78% of the equity of a retail license holder located in Grover Beach, California with the rights to acquire the remaining equity in the future
- Signed a definitive agreement to acquire Nature's Remedy of Massachusetts, Inc., a vertically integrated, single-state operator in Massachusetts, operating two adult-use retail dispensaries and a 50,000 sq. ft. cultivation and production facility
- Completed previously announced acquisition of an established Nevada operator
- Commenced first phase of its previously announced expansion project at its Pennsylvania grower-processor facility

Management Commentary

"We continued to achieve solid operational and financial performance in the first quarter of 2021," stated Jim Cacioppo, Chief Executive Officer, Chairman and Founder of Jushi. "In the first quarter, we delivered a substantial increase in both revenue and gross profit, and reported positive Adjusted EBITDA for the third quarter in a row. We also solidified our balance sheet through two successful equity transactions, which resulted in gross proceeds of approximately \$86 million."

Mr. Cacioppo continued, "Looking ahead to the remainder of 2021, our shared focus remains on three main areas of growth, first, the continued build-out of our BEYOND / HELLO™ retail footprint, which includes the expected opening of up to 10 new stores by year end; second, the optimization and expansion of our grower-processor assets in Pennsylvania and Virginia, which we expect will position the Company to scale up its operations in anticipation of future market demand; and third, the continued pursuit of M&A opportunities that we believe will allow us to add attractive assets to our portfolio in both new and existing markets."

Financial Results for the First Quarter Ended March 31, 2021

Revenue in the first quarter of 2021 ("Q1 2021") increased 29.0% to \$41.7 million, compared to \$32.3 million in Q4 2020. The 29.0% increase in revenue was driven primarily by solid revenue growth at the Company's BEYOND/HELLO™ stores in Pennsylvania and Illinois, early revenue contributions from its Virginia retail operations and increased operating activity at its PAMS and Nevada facilities.

Gross profit in Q1 2021 was \$20.1 million, or 48.2% of revenue, compared to \$17.6 million, or 54.5% of revenue in Q4 2020. The increase in gross profit was primarily driven by strong revenue growth at the Company's BEYOND/HELLO™ stores in Pennsylvania and Illinois, early revenue contributions from its Virginia retail operations and increased operating activity at its PAMS and Nevada facilities.

Q1 2021 net loss was \$26.1 million, or \$0.17 per diluted share. The improvement in net loss in the first quarter was primarily driven by fluctuations in the fair value of the Company's derivative liabilities, due to the changes in the fair value of the Company's Subordinate Voting Shares and the number of warrants associated with the derivatives warrants liability.

Adjusted EBITDA¹ in Q1 2021 was \$3.0 million, compared to Adjusted EBITDA \$2.0 million in Q4 2020. The increase in Adjusted EBITDA on a sequential quarterly basis was driven by higher revenues and gross profit, partially offset by an increase in staffing related expenses in advance of the following: new store openings; the commencement of operations of the Ohio facility; and the expansion of the Pennsylvania and Virginia grower-processor assets.

Balance Sheet and Liquidity

As of March 31, 2021, the Company had \$167.9 million of cash and short-term investments. Total current assets of \$197.0 million and current liabilities of \$48.6 million as of March 31, 2021. Net working capital at the end of March 31, 2021 was \$148.3 million. The Company incurred approximately \$10 million in capital expenditures during the first quarter of 2021. As of March 31, 2021, the Company had \$82.4 million principal amount of total debt, excluding leases and property, plant and equipment financing obligations.

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-derived 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 jushico.com/, twitter.com/wearejushi and beyond-hello.com/.

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, involve estimates, projections, plans, goals, forecasts, and assumptions that may prove to be inaccurate. As a result, actual results could differ materially from those expressed by such forward-looking statements and such statements should not be relied upon. 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 certain expectations and 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 late filing of Jushi's audited annual financial statements and related management's discussion and analysis, CEO and CFO certificates, and Annual Information Form for the fiscal year ended December 31, 2020 (collectively, the "Required Filings") by the filing deadline of April 30, 2021 (the "Filing Deadline"); late filing of Jushi's quarterly financial statements and CEO and CFO certificates for the quarter ended March 31, 2020 by the filing deadline of May 31, 2021; whether Jushi will continue to satisfy the necessary conditions applicable to maintain the the management cease trade order ("MCTO") obtained from the Canadian securities administrators (the "CSA") as a result of not making the Required Filings by the Filing Deadline, and, if not, whether a cease trade order will be imposed on the securities of Jushi by the CSA; 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 CONSOLIDATED FINANCIAL STATEMENTS OF OPERATIONS BEFORE OTHER (EXPENSE)
INCOME

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

	Three Months Ended	Three Months Ended	For the Year Ended December 31,	
	March 31, 2021	December 31, 2020	2020	2019
REVENUE, NET	\$ 41,675	\$ 32,294	\$ 80,772	\$ 10,229
COST OF GOODS SOLD	(22,934)	(18,291)	(44,221)	(5,665)
GROSS PROFIT BEFORE FAIR VALUE CHANGES	\$ 18,741	\$ 14,003	\$ 36,551	\$ 4,564
Realized fair value changes included in inventory sold	(4,783)	(1,828)	(2,749)	-
Unrealized fair value changes included in biological assets	6,135	5,430	7,684	259
GROSS PROFIT	\$ 20,093	\$ 17,605	\$ 41,486	\$ 4,823
OPERATING EXPENSES:				
General, administrative and selling expenses	17,452	13,637	43,870	30,627
Share-based compensation expense	3,563	3,488	7,292	4,868
Acquisition and deal costs	238	78	810	2,663
Loss on inventory impairment	-	-	-	820
Total operating expenses	\$ 21,253	\$ 17,203	\$ 51,972	\$ 38,978
INCOME (LOSS) FROM OPERATIONS BEFORE OTHER (EXPENSE) INCOME	\$ (1,160)	\$ 402	\$ (10,486)	\$ (34,155)

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

	March 31, 2021	December 31, 2020	December 31, 2019
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 162,085	\$ 85,857	\$ 38,936
Accounts receivable	892	860	395
Investments in securities and short-term note receivable	5,832	7,934	17,913
Inventory	18,414	12,966	1,958
Biological assets	5,548	3,962	271
Prepaid expenses and other current assets	4,180	4,691	2,753
Deferred acquisition costs	-	-	2,320
Total current assets	<u>\$ 196,951</u>	<u>\$ 116,270</u>	<u>\$ 64,546</u>
NON-CURRENT ASSETS:			
Property, plant and equipment	\$ 88,357	\$ 74,592	\$ 22,592
Other intangible assets, net	147,845	143,594	93,686
Goodwill	31,536	31,536	28,055
Other long-term assets	7,691	7,456	1,181
Total long-term assets	<u>\$ 275,429</u>	<u>\$ 257,178</u>	<u>\$ 145,514</u>
Total assets	<u>\$ 472,380</u>	<u>\$ 373,448</u>	<u>\$ 210,060</u>
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Accounts payable, accrued expenses and other current liabilities	41,052	30,470	8,873
Short-term promissory notes payable	1,339	1,338	15,635
Short-term lease obligations	6,250	4,716	969
Short-term redemption liability	-	-	8,440
Total current liabilities	<u>\$ 48,641</u>	<u>\$ 36,524</u>	<u>\$ 33,917</u>
LONG-TERM LIABILITIES:			
Long-term promissory notes payable	3,149	3,081	9,988
Senior notes	49,803	51,395	10,736
Derivative liabilities	211,440	205,361	5,529
Long-term lease obligations	37,844	34,494	5,529
Deferred tax liabilities	28,773	28,773	20,334
Other debt	4,642	3,475	2
Total liabilities	<u>\$ 384,292</u>	<u>\$ 363,103</u>	<u>\$ 86,035</u>
COMMITMENTS AND CONTINGENCIES			

EQUITY:

Share capital and share reserves	\$	370,095	\$	263,914	\$	163,032
Accumulated deficit		(284,334)		(256,516)		(48,667)
Total Jushi shareholders' equity	\$	85,761	\$	7,398	\$	114,365
Non-controlling interests		2,327		2,947		9,660
Total equity	\$	88,088	\$	10,345	\$	124,025
Total liabilities and equity	\$	472,380	\$	373,448	\$	210,060

JUSHI HOLDINGS INC.
RECONCILIATION OF NON-IFRS FINANCIAL MEASURES

EBITDA and Adjusted EBITDA are financial measures that are not defined under IFRS. Management believes EBITDA is a useful measure to assess the performance of the Company as it provides meaningful operating results by excluding the effects of expenses that are not reflective of our operating business performance. Management defines EBITDA as net income (loss), or "earnings", before interest, income taxes, depreciation and amortization. We believe Adjusted EBITDA is a useful measure to assess the performance of the Company as it provides more meaningful operating results by excluding the effects of expenses that are not reflective of the Company's operating business performance and other one-time or non-recurring expenses. We define Adjusted EBITDA as EBITDA before: (i) fair value changes included in inventory sold and fair value changes included in biological assets; (ii) share-based compensation expense; (iii) fair value changes in derivatives; (iv) net gains on business combinations; (v) gains and losses on investments and financial assets; (vi) net loss on debt and warrant modification; (vii) gains and losses on legal settlements; (viii) pre-acquisition expense; (ix) listing expense; and (x) goodwill impairment. The financial measures noted above are metrics that have been adjusted from the IFRS net income (loss) measure in an effort to provide readers with a normalized metric in making comparisons more meaningful across the cannabis industry, as well as to remove non-recurring, irregular and one-time items that may otherwise distort the IFRS net income measure. Other companies in the Jushi's industry may calculate this measure differently, limiting their usefulness as comparative measures.

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 or loss as reported interest, tax, depreciation and amortization, certain non-cash expenses, listing expense, certain other income, fair value changes on sale of inventory and on biological assets. 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.

Reconciliation of Non-IFRS Measures

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

	Three Months Ended March 31, 2021	Three Months Ended December 31, 2020	Three Months Ended September 30, 2020	Twelve Months Ended December 31, 2020	Twelve Months Ended December 31, 2019
NET (LOSS) INCOME	\$ (26,130)	\$ (148,067)	\$ (29,999)	\$ (203,271)	\$ (30,771)

Income tax expense	5,705	6,018	1,849	10,231	4,509
Interest expense, net	6,556	7,361	6,722	20,356	2,875
Depreciation and amortization	1,827	1,575	1,370	5,083	2,227
EBITDA (Non-IFRS)	<u>\$ (12,042)</u>	<u>\$ (133,113)</u>	<u>\$ (20,058)</u>	<u>\$ (167,601)</u>	<u>\$ (21,160)</u>
Fair value changes on sale of inventory and on biological assets	(1,352)	(3,602)	(1,225)	(4,935)	(259)
Share-based compensation	3,563	3,488	1,274	7,292	4,868
Fair value changes in derivatives	9,358	136,098	36,888	174,147	-
Net gains on business combinations	-	(529)	(15,313)	(18,044)	-
Net loss on debt and warrant modification	3,815	1,862	-	1,853	-
(Gains) losses on investments and financial assets	(1,173)	(2,616)	(1,654)	1,609	(11,321)
Goodwill impairment	-	170	-	170	-
Pre-acquisition expense	-	-	-	-	4,000
Listing expense	-	-	-	-	1,360
Loss (gain) on legal settlement	807	200	2,018	2,217	(5,000)
Adjusted EBITDA (Non-IFRS)	<u>\$ 2,977</u>	<u>\$ 1,958</u>	<u>\$ 1,930</u>	<u>\$ (3,291)</u>	<u>\$ (27,512)</u>