Green Thumb Industries (GTI) Triples Revenue to $44.7 Million and Reports $5.0 Million in Adjusted Operating EBITDA in Second Quarter 2019

August 28, 2019

- *Closed previously announced acquisition of Integral Associates to scale distribution of brand portfolio to Nevada and California*
- *Retail expansion accelerates with the opening of six new stores in the quarter and nine new Rise ™ stores since April 1 across Ohio, Florida and Pennsylvania*
- *Retail expansion into California with three license wins in key markets*

CHICAGO and VANCOUVER, British Columbia, Aug. 28, 2019 (GLOBE NEWSWIRE) -- 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 second quarter ended June 30, 2019. All currency is in U.S. dollars, unless noted otherwise.

Financial Highlights

- Second quarter 2019 revenue increased 228% year-over-year to $44.7 million. Quarter-over-quarter revenue increased 60%, a record sequential growth for GTI. Revenue growth was driven by organic growth across the Company's consumer products and retail businesses, strategic acquisitions and increased store traffic.
- Gross margins before biological adjustments for the second quarter 2019 improved to 52% from 46% in the prior year and from 47% in the prior quarter due to increased operating efficiencies as the business continues to scale.
- Net loss for the second quarter 2019 was $22.2 million, as compared to net loss of $9.7 million in the first quarter 2019, primarily due to a decrease in value from a variable note receivable in other income (expense) and debt-related interest expenses.
- EBITDA[1] and Adjusted Operating EBITDA[1] for the quarter, as described in the accompanying financial table, was a loss of $9.4 million and a gain of $5.0 million, respectively.
- Current assets totaled $189.2 million and included cash and cash equivalents of $135.8 million. Total debt outstanding was $96.3 million.
- On May 23rd, closed $105.5 million senior secured non-brokered private placement of notes. GTI intends to use the proceeds for general working capital purposes, strategic growth initiatives and to retire the Company's existing debt.

Management Commentary

"We are pleased to report another solid quarter of positive yet disciplined momentum with record revenue and positive adjusted operating EBITDA as our strategic plan delivers on operating efficiencies from scale. Continued execution of key priorities such as the closing of Integral Associates, accelerated store openings, and expanded distribution of our brand portfolio sets us up well for the future," said GTI Founder and Chief Executive Officer Ben Kovler.

"We are deep in the chapter of maximizing the levers in our business to drive long-term operational performance that delivers value for our shareholders and the communities in which we operate," Kovler continued. "We are focused on optimizing our wholesale and retail businesses, integrating our acquisitions, and further strengthening compliance across the organization. We are pleased to see many of these efforts already bearing fruit as we head into the second half of 2019 and I want to thank our team for all of their hard work."

Consumer Packaged Goods Business Develo pment

- GTI's family of consumer brands spans across THC and CBD product categories and consumption methods and includes: Rythm, The Feel Collection, Dogwalkers, incredibles, Dr. Solomon's and Beboe. As of June 30 th, GTI's consumer brands are sold in cannabis retail stores in nine states, including its own Rise™ and Essence retail stores.
- Sales of GTI's brand portfolio increased 276% over prior year and 70% quarter-over-quarter driven by a combination of

market growth and new distribution of the company's brand portfolio. Capacity expansion efforts in Pennsylvania, Illinois, and Massachusetts are progressing according to plan.

- In April, GTI launched Beboe Therapies, a luxury CBD-infused skin-care line that is formulated with the same high-potency, high-quality CBD found in Beboe's premium vaporizer pens and pastilles and is available online and at select luxury retailers.

- On June 5th, GTI successfully completed the acquisition of Integral Associates LLC, with integration efforts and synergies progressing on schedule. The acquisition added two cultivation and processing facilities in Las Vegas, supporting expanded wholesale distribution of GTI's branded products portfolio in Nevada.

- On June 18th, GTI closed on the acquisition of MC Brands LLC, adding the award-winning Colorado-based edibles brand incredibles to GTI's brand portfolio. The incredibles brand is currently distributed in Colorado, Oklahoma, Nevada, Illinois, and Massachusetts.

- During the quarter, GTI completed the re-brand of Dogwalkers, the portfolio's leading pre-roll brand currently sold in four states: Illinois, Massachusetts, Maryland and Nevada.

- Subsequent to the quarter on August 22nd, GTI was awarded a cultivation license by the Ohio Department of Commerce. The cultivation operation will be located in Toledo as part of a processing and manufacturing facility that will also produce GTI's branded product portfolio.

- Subsequent to the quarter on August 23rd, GTI closed on 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, allowing the production and distribution of GTI's brand portfolio throughout the state.

Retail Business Development

- Retail revenue increased 189% year-over-year and 60% quarter-over-quarter, driven by organic growth generated from increased transaction activity at existing stores and the addition of Essence retail stores. Second quarter revenue included sales generated from 25 open stores across the country.

- Comparable sales (stores open for at least 12 months) exceeded 50% off a store base of 13 stores, driven by transaction growth and higher average ticket sales. Quarter over quarter comparable sales were up 27% off a store base of 15 stores.

- During the quarter, GTI launched a re-brand of its Rise™ retail concept to further contemporize, innovate and elevate the consumer experience to empower the right to wellness. The re-brand brings an enhanced look and feel while staying true to providing outstanding customer service, product selection and authentic customer experiences.

- GTI opened 13 stores year-to-date including six stores in the second quarter and three subsequent to the quarter for nine new Rise™ stores since April 1 across Florida, Ohio, and Pennsylvania:

    - Florida: Opened four Rise™ stores in Pinellas Park, Bonita Springs, Oviedo, and Hallandale Beach, bringing total open stores in the state to five with licenses to open 30 additional locations.

    - Ohio: Opened two Rise™ stores in Toledo and Lorain during the quarter and a third store in Cleveland subsequent to the quarter. Future stores include two stores in Lakewood.

    - Pennsylvania: Opened two Rise™ stores in Latrobe and Mechanicsburg, bringing total open stores in the state to six with licenses to open 12 additional locations.

- Plans are on track with previous guidance to open approximately 15 to 20 new stores in 2019 with anticipated total store count in the range of 35 to 40 at year end. Including the recent New York license acquisition, the Company currently has 31 open stores across the nation with licenses to open a total of 95 locations.

- On May 12th, Rise™ Amherst began adult-use sales in Massachusetts, boosting store traffic and sales. Amherst is the highest populated municipality in Hampshire County and home to the Five College Consortium in Western Massachusetts.

- On May 15th, GTI acquired Evergreen Dispensary, LLC., owner of Salveo Health & Wellness, a retail store located in Canton, Illinois.

- On June 25th, the Cannabis Regulation and Tax Act was signed into law in Illinois, legalizing adult use sales beginning January 1, 2020, and granting current operators the option to open one additional retail store per license.

- During and subsequent to the quarter, further deepened the retail footprint in Southern California through key retail license

wins in Pasadena, Culver City, and West Hollywood, which also includes a consumption lounge.

- Subsequent to the quarter on August 23rd, GTI closed on the acquisition of New York-based Fiorello Pharmaceuticals Inc., which includes four retail stores in highly trafficked areas in Manhattan, Rochester, Halfmoon and Nassau County, three of which are open.

Leadership and Corporate Governance Update

- Following the closing of the acquisition of Integral Associates on June 5th, the company's co-founders Armen Yemenidijian and Alex Yemenidijian, joined GTI as President and Director, respectively. Armen was the co-founder and CEO of Integral Associates, Nevada's leading operator. Alex was previously the Chairman of the Board and Chief Executive Officer of Tropicana Las Vegas Hotel & Casino, Inc. and Chairman of the Board and Chief Executive Officer of Metro-Goldwyn-Mayer Inc.

- Subsequent to the quarter, GTI's executive leadership team expanded with the addition of Julie Knudson as Chief People Officer, overseeing talent acquisition and culture and engagement initiatives. Julie brings an extensive business background including leadership in premier market-leading organizations, publicly traded companies and high-growth entities ranging from early-stage companies to Fortune 500 C-suite experience, most recently as Chief Human Resources Officer of General Growth Properties.

Capital Markets and Financing Activities

On May 23rd, GTI closed a $105.5 million senior secured non-brokered private placement debt financing through the issuance of senior secured notes (the "Notes"). The financing will be used for general working capital purposes, strategic growth initiatives, and to retire the Company's existing debt. The Notes have a maturity date of May 22, 2022, and will bear interest at 12% per annum, payable quarterly, with an option, at the discretion of the Company, to extend an additional 12 months. The Company also has the ability to raise an additional approximately $45 million under the terms of this note six months from the initial date of close.

Second Quarter 2019 Financial Overview

Total revenue for the second quarter of 2019 was $44.7 million, up 228% from $13.6 million for the second quarter of 2018 and up 60% from $27.9 million for the first quarter of 2019. Revenue growth was driven by the distribution expansion of GTI's branded product portfolio to third-party retailers, the addition of Integral Associates in Nevada, and increased store traffic to GTI's 25 open and operating retail stores, particularly in Illinois and Pennsylvania.

In the second quarter, GTI generated revenue from ten of its twelve markets: Nevada, Illinois, Pennsylvania, Massachusetts, Florida, Maryland, Connecticut, California, Ohio and Colorado. The Company also made capital investments related to the build out of new markets in New York and New Jersey, in preparation for revenue generation over the next six months.

Gross profit before biological asset adjustment for the second quarter was $23.2 million or 52%, as compared to $6.3 million or 46% for the same period last year. Gross margin improvement was driven primarily by increased operating efficiencies. Gross profit after net gains on biological asset transformation for the second quarter was $22.6 million or 50% as compared to $6.9 million or 50% for the same period last year.

Total operating expenses for the second quarter were $32.5 million, as compared to $12.1 million for the same period last year and $26.1 million last quarter. Total operating expenses include general and administrative ("G&A") expenses, which totaled $24.9 million for the quarter. G&A expenses include increased headcount related expenses as the Company continues to scale the business, non-recurring acquisition related expenses of $1.4 million, and non-cash expenses related to stock-based compensation of $6.3 million for the quarter.

Total other expenses were $12.3 million for the second quarter as compared to total other income of $34.5 million for the same period last year. The decrease primarily reflects a decrease in value from a variable note receivable in other income (expense) and debt-related interest expenses.

Net loss attributable to GTI for the second quarter was $22.2 million. EBITDA[1] was a loss of $9.4 million for the second quarter of 2019. Excluding fair value adjustments, non-cash stock compensation expenses, and transaction closing costs, GTI generated Adjusted Operating EBITDA[1] of $5.0 million for the second quarter of 2019, an improvement from a loss of approximately $0.4 million in the prior quarter.

Balance Sheet and Liquidity

As of June 30, 2019, total Company assets were $1.1 billion, including cash and cash equivalents of $135.8 million and long-term liabilities of $153.4 million. The Company had $96.3 million total debt.

Total shares on a fully converted basis were 200,495,458 at June 30, 2019. Total fully diluted shares were 208,323,751 including options, warrants and restricted stock units (RSUs).

Additional Information

Additional information relating to the Company's second quarter 2019 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 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) 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, August 28, 2019 at 5:00 pm ET to discuss its financial results for the second quarter ended June 30, 2019. The conference call may be accessed by dialing 877-273-8145 (Toll-Free) or 647-689-5400 (International) with conference ID: 2278778. 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 95 retail locations and operations across 12 U.S. markets. Established in 2014, GTI employs approximately 1,200 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 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, including the risk factors set out in GTI's annual information form dated July 10, 2018.

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 June 30,	
	2019	**2018**

Revenues, net of discounts	$ 44,726,777	$ 13,624,658
Cost of Goods Sold, net	(21,488,647)	(7,337,040)
Gross Profit before Biological Asset Adjustment	23,238,130	6,287,618
Net Effect of Changes in Fair Value of Biological Assets	(684,085)	584,764
Gross Profit	22,554,045	6,872,382
Expenses:		
General and Administrative	24,932,060	11,251,399
Sales and Marketing	1,525,877	354,292
Depreciation and Amortization	6,011,800	522,550
Total Expenses	32,469,737	12,128,241
Loss From Operations	(9,915,692)	(5,255,859)
Other Income (Expense):		
Other Income (Expense), net	(6,640,546)	34,612,194
Interest Income	535,894	378,082
Interest Expense	(6,183,054)	(466,668)
Total Other Income (Expense)	(12,287,706)	34,523,608
Income (Loss) Before Provision for Income Taxes And Non-Controlling Interest	(22,203,398)	29,267,749
Provision For Income Taxes	(177,333)	4,253,000
Net Income (Loss) and Comprehensive Income (Loss) Before Non-Controlling Interest	(22,026,065)	25,014,749
Net Income and Comprehensive Income Attributable To Non-Controlling Interest	216,946	24,621,861
Net Income (Loss) and Comprehensive Income (Loss) Attributable To Green Thumb Industries Inc.	$ (22,243,011)	$ 392,888
Net Income (Loss) per share - diluted	$ (0.12)	$ 0.00
Weighted average number of shares outstanding - diluted	187,830,565	139,471,034

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

	June 30, 2019	December 31, 2018
Cash and cash equivalents	$ 135,759,426	$ 145,986,072
Other current assets	53,416,754	28,409,968
Property and equipment, net	117,582,922	65,324,080
Intangible assets, net	329,869,194	91,565,678

Goodwill	368,781,363	29,324,360
Other long-term assets	64,923,391	56,392,427
Total assets	$ 1,070,333,050	$ 417,002,585
Total current liabilities	$ 95,565,527	$ 47,619,512
Notes payable, net of current portion	96,131,006	5,733,797
Other long-term liabilities	57,263,513	14,769,377
Total equity	821,373,004	348,879,899
Total liabilities and equity	$ 1,070,333,050	$ 417,002,585

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)

	Three Months Ended June,	
	2019	**2018**
Net income (loss) before noncontrolling interest (IFRS)	$ (22,026,065)	$ 25,014,749
Interest income	(535,894)	(378,082)
Interest expense	6,183,054	466,668
Income taxes	(177,333)	4,253,000
Depreciation and amortization	7,180,909	639,640
Earnings before interest, taxes, depreciation and amortization (EBITDA) (non-IFRS measure)	**$ (9,375,329)**	**$ 29,995,975**
Other income	6,640,546	(34,612,194)
Share-based compensation, non-cash	6,339,443	1,006,988
RTO-related expenses	-	4,265,064
Acquisition, transaction, and other non-operating costs	1,444,555	-
Adjusted Operating EBITDA (non-IFRS measure)	**$ 5,049,215**	**$ 655,833**

Source: Green Thumb Industries