

March 20, 2019



Curaleaf Reports Fourth Quarter and Full Year 2018 Financial and Operational Results

Reported Managed Revenue⁽¹⁾ of \$87.8 Million in Full Year 2018 and \$34.9 Million in Fourth Quarter through Continued Expansion of Market-Leading Operational Footprint

Demonstrated Managed Revenue Growth of 209% Year-over-Year and 43% Growth Quarter-over-Quarter

Reached Total Revenue of \$77.1 Million in Full Year 2018 and \$32.0 Million in Fourth Quarter

Reiterated Full Year 2019 Managed Revenue Guidance of \$400 Million

WAKEFIELD, Mass., March 20, 2019 /PRNewswire/ -- Curaleaf Holdings, Inc. (CSE: CURA) (OTC: CURLF), a leading vertically integrated cannabis operator in the U.S., today reported its financial and operating results for the fourth quarter and full year ended December 31, 2018. All financial information is provided in U.S. dollars unless otherwise indicated.

Q4 2018 and Full Year Financial Highlights (Unaudited)

(\$ thousands, except per share amounts)	Q4 2018	Q3 2018	% qoq Change	Q4 2017	% yoy Change	FY 2018	FY 2017	% yoy change
Total Revenue ⁽¹⁾	\$31,961	\$21,370	49%	\$6,280	408%	\$77,057	\$19,313	298%
Managed Revenue ⁽¹⁾	\$34,850	\$24,349	43%	\$8,658	302%	\$87,796	\$28,358	209%
Gross profit before impact of biological assets	\$19,981	\$13,869	44%	\$4,627	331%	\$45,885	\$11,473	299%
Gross profit on cannabis sales ⁽²⁾	\$11,757	\$9,124	28%	\$1,702	590%	\$26,366	\$1,518	1,636%
Gross margin on cannabis sales ⁽²⁾	50%	55%		51%		46%	16%	
Adjusted EBITDA ⁽²⁾	\$(3,431)	\$(2,823)		\$2,997		\$(9,866)	\$3,778	
Net income (loss) attributable to Curaleaf Holdings Inc.	\$(16,524)	\$(33,673)		\$628		\$(61,791)	\$(2,818)	
Net income (loss) per share – basic and diluted	\$(0.04)	\$(0.09)		\$0.00		\$(0.16)	\$(0.01)	

Fourth Quarter Highlights

- Raised \$400 million in a private placement offering and debuted as a public company on the Canadian Securities Exchange on October 29, 2018
- Managed Revenue⁽¹⁾ grew to \$34.9 million, up 43% over the prior quarter
- Total Revenue reached \$32.0 million, representing 49% growth over the prior quarter
- Adjusted EBITDA⁽¹⁾ of \$(3.4) million compared to \$(2.8) million in the prior quarter
- Building on existing licenses and prior acquisitions, Curaleaf opened seven new dispensaries at a rapid pace in key markets such as Florida and Arizona during the quarter
- Became the first multi-state operator to launch a national CBD product line, Curaleaf Hemp, which is currently available in major retail stores across the U.S.

Full Year Highlights

- Expanded presence to 12 states, with a focus on highly populated, limited-license states, including Arizona and Maryland
- Curaleaf operated 36 dispensaries, 12 cultivation sites and 10 processing sites as of December 31, 2018
- Managed Revenue grew to \$87.8 million in full year 2018, up 209% on a year-over-year basis, and Total Revenue increased 298%, driven by a combination of organic growth and acquisitions
- Gross margin on cannabis sales expanded significantly to 46% from 16% in 2017 due to accelerating cannabis revenues combined with improved operating capacity
- Adjusted EBITDA of \$(9.9) million for full year 2018 compared to \$3.8 in 2017
- Strong capital position with \$266.6 million cash on hand at year end, supported by a prudent capital allocation strategy focused on strategic acquisitions and rapid store expansion

2019 Year-to-Date Highlights

- Announced agreements to acquire Eureka in California and Acres in Nevada, strategically expanding to the West Coast with vertically integrated operations

- Completed transaction in Maryland that established vertical integration and expanded presence in the state
- Awarded one of forty processing licenses in Ohio
- Strengthened management team with hiring of experienced executives Neil Davidson, Chief Financial Officer, and Todd Goffman, General Counsel

"2018 was a landmark year for Curaleaf. We successfully completed the largest ever U.S. cannabis RTO, experienced substantial growth, and have firmly set the foundation to capitalize on the shift in public sentiment toward cannabis in the U.S. and capture key expansion opportunities in 2019," said Joseph Lusardi, Chief Executive Officer of Curaleaf. Lusardi continued, "Curaleaf has become the most accessible national cannabis brand with the largest operational branded dispensary footprint in the country and the recent launch of our CBD line under Curaleaf Hemp. We've done this through our strategic presence in highly populated, limited license states, which has served as an important foundation for our aggressive expansion plan across the country. We continue to focus on providing the highest quality products and services for our customers."

Neil Davidson, Chief Financial Officer of Curaleaf, added, "Curaleaf's rapidly growing footprint is a direct result of our strong capital position, scaled operations and ability to strategically acquire assets that augment our existing platform. We remain focused on our path to profitability and positive cash flow, while maintaining a prudent use of capital to pursue acquisitions and organic growth initiatives that position us as a leader in the industry for the long term."

Financial Results for the Fourth Quarter Ended December 31, 2018

Managed Revenue for the fourth quarter was \$34.9 million, up 302% from the fourth quarter 2017 and 43% from the previous quarter, demonstrating accelerating revenue growth quarter-over-quarter throughout 2018.

Total Revenue for the fourth quarter of 2018 increased 408% year-over-year to \$32.0 million, compared to \$6.3 million in the fourth quarter of 2017. Revenue for the fourth quarter of 2018 increased 49% over the prior quarter.

Retail and wholesale revenue saw a six-fold increase to \$23.7 million during the quarter, compared to \$3.4 million in the fourth quarter of 2017. The increase in cannabis revenue was primarily due to the contribution from acquisitions made throughout 2017 and in 2018 as well as from new dispensaries that opened throughout the year, such as in Florida and New York.

Gross profit before impact of biological assets for the fourth quarter of 2018 was \$20.0 million, compared to \$4.6 million for the fourth quarter of 2017, resulting in gross margin of 63%. The increase was due to improved operating capacity of the Company's cannabis business.

Gross profit on cannabis sales⁽¹⁾ was \$11.8 million in the fourth quarter of 2018, resulting in a 50% margin, compared to \$1.7 million in the fourth quarter of 2017.

Adjusted EBITDA was \$(3.4) million for the fourth quarter of 2018, compared to \$3.0 million for the fourth quarter of 2017.

Net loss for the fourth quarter of 2018 was \$(16.5) million, compared to net income of \$0.6 million in the fourth quarter of 2017 due to \$4.2 million of one-time charges related to the RTO and acquisition and financing related expenses, an increase of \$4.0 million in non-cash depreciation and amortization and share-based compensation and an increase in net interest expense of \$2.0 million. Net loss per share for the fourth quarter of 2018 was \$(0.04), compared to flat in the fourth quarter of 2017.

Financial Results for the Year Ended December 31, 2018

Full year 2018 Managed Revenue was \$87.8 million, compared with \$28.4 million in Managed Revenues for the full year 2017. The increase was primarily derived from organic growth in Florida, the opening of three dispensaries in New York and the acquisitions in Massachusetts in March and Arizona in April.

Total Revenue for full year 2018 increased 298% to \$77.1 million, compared to \$19.3 million in the year ended 2017. Retail and wholesale revenue increased 514% to \$57.5 million, compared to \$9.4 million.

Gross profit before impact of biological assets for the full year 2018 was \$45.9 million, compared to \$11.5 million for 2017, resulting in a gross margin of 60%. The significant increase was due to improved operating capacity of the Company's cannabis business as acquisitions were integrated and new dispensaries opened.

Gross profit on cannabis sales were \$26.4 million for the full year 2018, resulting in a 46% margin, compared to \$1.5 million in the full year 2017.

Adjusted EBITDA amounted to \$(9.9) million for the full year 2018, compared to \$3.8 million for the full year 2017.

Net loss for the full year 2018 and 2017 was \$(61.8) million and \$(2.8) million, respectively. The net loss in 2018 includes a \$25.1 million one-time, non-cash fair value adjustment as part of the RTO transaction as well as \$7.8 million of one-time charges related to the RTO and acquisition and financing related expenses, an increase of \$4.8 million in non-cash depreciation and amortization, share-based compensation, an increase in net interest expense of \$3.9 million and an increase in operating expenses from an expanded management team, significantly increased headcount from operating markets in Florida, Connecticut, Nevada, Oregon and New York, and increased branding, lobbying, legal and other costs to expand the operations. These costs were largely offset by Curaleaf's growing revenue base from organic expansion and acquisition integration.

Net loss per share for the full year 2018 was \$(0.16), compared to \$(0.01) for the full year 2017.

Balance Sheet and Liquidity

On October 29, 2018, the Company received net proceeds of approximately \$380 million from the completion of its private placement offering. As of December 31, 2018, the Company had \$266.6 million of cash.

Voluntary Extension of Lock-up Agreements

On March 20, 2019, the Company founders and other key shareholders have entered into voluntary lock-up agreements with the Company in respect of 249,037,550 subordinate voting shares and 122,170,705 multiple voting shares. This represents 81% of the total shares outstanding. The voluntary lock-up agreements stipulate that these shareholders will not sell, directly or indirectly, any Curaleaf securities without Company approval prior to October 20, 2019.

Outlook for Full Year 2019

The Company reaffirmed its full year 2019 outlook for Managed Revenue of \$400 million and free cash flow of \$100 million.

Curaleaf plans to continue growth of its operations via expansion in three dimensions: acquiring licenses in limited license markets, increasing presence in current markets, and increasing exposure in mass markets. The Company expects acquisition related costs, marketing and selling expenses, and capital expenditures to increase as it expands its presence in current markets and expands into new markets.

The guidance for fiscal 2019 is based on a number of assumptions, including:

- The successful execution and implementation of a business strategy that allows the Company to increase its retail store footprint by the end of 2019 and expand its current cultivation and manufacturing capacity and yield.
- Increase of same store sales at existing retail dispensaries.
- Receive the appropriate regulatory approvals on the Company's acquisitions signed in 2018.
- Continued forward momentum of the regulatory landscape in the U.S.
- The absence of a significant shift in economic conditions or material changes in the retail competitive environment.

The foregoing assumptions, although considered reasonable by the Company on March 20, 2019 may prove to be inaccurate. Accordingly, the Company's results could differ materially from the Company's expectations as set forth in this press release.

Conference Call and Webcast Information

Curaleaf will host a conference call and audio webcast on March 20, 2019 at 4:30 pm ET to answer questions about the Company's operational and financial highlights. The dial-in numbers for the conference call are +1-877-407-9039 (U.S. Toll-Free) or +1-201-689-8470 (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 Curaleaf's website, <https://ir.curaleaf.com/ir-calendar>.

For interested individuals unable to join the conference call, a dial-in replay of the call will be available until April 3, 2019 at 11:59 pm ET and can be accessed by dialing +1-844-512-2921 (U.S. Toll Free) or +1-412-317-6671 (International) and entering replay pin number: 13688116. The online archive of the webcast will be available on <https://ir.curaleaf.com/ir-calendar> for 30 days following the call.

¹ Total Revenue and Managed Revenue excludes the impact of pending acquisitions.

² See "Non-IFRS Financial and Performance Measures" below for more information regarding Curaleaf's use of Non-

IFRS financial measures and other reconciliations.

Supplemental Financial Statement Excerpts

Highlights from Statements of Profits and Losses (Unaudited) (\$ thousands, except for per share amounts)

	Q4 2018	Q4 2017	FY 2018	FY 2017
Revenues:				
Retail and wholesale revenues	\$ 23,737	\$ 3,355	\$ 57,538	\$ 9,358
Management fee income	8,224	2,925	19,519	9,955
Total Revenue	31,961	6,280	77,057	19,313
Cost of goods sold	11,980	1,653	31,172	7,840
Gross profit before impact of biological assets	19,981	4,627	45,885	11,473
Gross profit	18,596	6,428	46,287	15,597
Loss from operations	(11,903)	(698)	(28,682)	(6,545)
Net income (loss)	(16,472)	288	(61,877)	(5,044)
Less: Net income (loss) attributable to redeemable non-controlling interest	52	(340)	(86)	(2,226)
Net income (loss) attributable to Curaleaf Holdings, Inc.	(16,524)	628	(61,791)	(2,818)
Earnings (loss) per share attributable to Curaleaf Holdings, Inc.—basic and diluted	(0.04)	0.00	(0.16)	(0.01)
Weighted average common shares outstanding—basic	436.0	339.1	396.5	322.8
Weighted average common shares outstanding—diluted	436.0	358.3	396.5	322.8

Highlights from Statements of Financial Position and Cash Flows (Unaudited) (\$ thousands)

	FY 2018	FY 2017
Cash	\$ 266,616	\$ 20,975
Property and equipment, net	66,969	23,519
Intangible assets, net	46,825	27,223
Goodwill	92,542	31,561
Total assets	606,455	149,551
Total liabilities	131,976	44,786
Total Curaleaf Holdings, Inc. shareholders' equity	474,479	104,765
Net cash used in operating activities	(31,394)	(7,715)
Net cash used in investing activities	(132,398)	(57,704)
Net cash provided by financing activities	409,433	20,537
Net increase (decrease) in cash and cash equivalents	245,641	(44,882)
Cash and cash equivalents – beginning of period	20,975	65,857
Cash and cash equivalents – end of period	\$ 266,616	\$ 20,975

Non-IFRS Financial and Performance Measures

In this press release Curaleaf refers to certain non-IFRS financial measures such as Managed Revenue, Gross Profit on Cannabis Sales and Adjusted EBITDA. These measures do not have any standardized meaning prescribed by IFRS and may not be comparable to similar measures presented by other issuers. Curaleaf defines Managed Revenue as total revenue plus revenue from entities for which the Company has a management contract but does not consolidate the financial results based on IFRS 10 – Consolidated Financial Statements. The Company defines Gross Profit on Cannabis Sales as retail and wholesale revenues less cost of goods sold. Adjusted EBITDA is defined by Curaleaf as earnings before interest, taxes, depreciation and amortization less share-based compensation expense and one-time charges related to the Company's RTO and acquisition and financing related costs. Curaleaf considers these measures to be an important indicator of the financial strength and performance of our business. The following tables provide a reconciliation of each of the non-IFRS measures to its closest IFRS measure.

Managed Revenue (\$ thousands)

	Q4 2018	Q3 2018	Q4 2017	FY 2018	FY 2017
Total Revenue	\$ 31,961	\$ 21,370	\$ 6,280	\$ 77,057	\$ 19,313
Revenue from Managed Entities	2,889	2,979	2,378	10,739	9,045
Managed Revenue	\$ 34,850	\$ 24,349	\$ 8,658	\$ 87,796	\$ 28,358

Gross Profit on Cannabis Sales (\$ thousands)

	FY 2018		FY 2017		
	Q4 2018	Q3 2018	Q4 2017		FY 2017
Retail and wholesale revenues	\$ 23,737	\$ 16,625	\$ 3,355	\$ 57,538	\$ 9,358
Cost of goods sold	11,980	7,501	1,653	31,172	7,840
Gross profit on cannabis sales	\$ 11,757	\$ 9,124	\$ 1,702	\$ 26,366	\$ 1,518

Adjusted EBITDA (\$ thousands)

	Q4 2018	Q3 2018	Q4 2017	FY 2018	FY 2017
Net loss	\$ (16,472)	\$ (35,562)	\$ 288	\$ (61,877)	\$ (5,044)
Interest expense, net	2,674	961	700	2,504	(1,400)
Income tax recovery (expense)	1,926	2,704	(517)	5,642	1,068
Depreciation and amortization	3,612	1,271	996	7,427	3,210
Share-based compensation	2,036	(28)	658	3,169	2,547
Gain on sale of subsidiary	—	—	(772)	—	(772)
Gain on bargain purchase, net of tax	—	—	(138)	—	(138)
Loss on change in fair value on convertible note	—	25,100	—	25,100	—
Other (income) expense	(31)	(20)	(259)	(51)	(259)
Change in fair value of biological assets	(1,385)	166	1,801	402	4,124
One-time charges [including acquisition costs]	4,209	2,585	240	7,818	442
Adjusted EBITDA	\$ (3,431)	\$ (2,823)	\$ 2,997	\$ (9,866)	\$ 3,778

About Curaleaf Holdings

Curaleaf Holdings, Inc. (CSE: CURA) (OTCQX: CURLF) is the leading vertically integrated multi-state cannabis operator in the United States. It is a high-growth cannabis company with a national brand known for quality, trust and reliability. The company is positioned in highly populated, limited license states, and currently operates in 12 states with 42 dispensaries, 12 cultivation sites and 11 processing sites. Curaleaf has the executive expertise and research and development capabilities to provide leading service, selection, and accessibility across the medical and adult-use markets, as well as the CBD category through its Curaleaf Hemp brand.

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Cautionary Note Regarding Forward-Looking Statements and Future-Oriented Financial Information

This press release contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and United States securities laws ("forward-looking statements"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "assumptions", "assumes", "guidance", "outlook", "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words and includes, among others, information regarding: its outlook for 2019; expected 2019 pro forma revenues, free flow cash and other financial results; growth of its operations via expansion, for the effects of any transactions; expectations for the potential benefits of any transactions; statements relating to the business and future activities of, and developments related to, the Company after the date of this press release, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; expectations that planned acquisitions will be completed; expectations regarding cultivation and manufacturing capacity; expectations regarding receipt of regulatory approvals; expectations that licenses applied for will be obtained; potential future legalization of adult-use and/or medical cannabis under U.S. federal law; expectations of market size and growth in the U.S. and the states in which

the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations. Holders of securities of the Company are cautioned that forward-looking statements are not based on historical facts but instead are based on reasonable assumptions and estimates of management of the Company at the time they were provided or made and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to: the available funds of the Company and the anticipated use of such funds; the availability of financing opportunities; legal and regulatory risks inherent in the cannabis industry; risks associated with economic conditions, dependence on management and currency risk; risks relating to U.S. regulatory landscape and enforcement related to cannabis, including political risks; risks relating to anti-money laundering laws and regulation; other governmental and environmental regulation; public opinion and perception of the cannabis industry; risks related to contracts with third-party service providers; risks related to the enforceability of contracts; reliance on the expertise and judgment of senior management of the Company, and ability to retain such senior management; risks related to proprietary intellectual property and potential infringement by third parties; the concentrated voting control of the Company's Chairman and the unpredictability caused by the capital structure; risks relating to the management of growth; increasing competition in the industry; risks inherent in an agricultural business; risks relating to energy costs; risks associated to cannabis products manufactured for human consumption including potential product recalls; reliance on key inputs, suppliers and skilled labor; cybersecurity risks; ability and constraints on marketing products; fraudulent activity by employees, contractors and consultants; tax and insurance related risks; risks related to the economy generally; risk of litigation; conflicts of interest; risks relating to certain remedies being limited and the difficulty of enforcement of judgments and effect service outside of Canada; risks related to future acquisitions or dispositions; sales by existing shareholders; limited research and data relating to cannabis; as well as those risk factors discussed under "Risk Factors" in the Company's Listing Statement dated October 26, 2018 and as described from time to time in documents filed by the Company with Canadian securities regulatory authorities. The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. In particular, but without limiting the foregoing, disclosure in this press release as well as statements regarding the Company's objectives, plans and goals, including future operating results and economic performance may make reference to or involve forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. You should not place undue reliance on forward-looking statements contained in this press release. Such forward-looking statements are made as of the date of this press release. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

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