November 17, 2021

Jushi Holdings Inc. Reports Third Quarter 2021 Financial Results

Third Quarter 2021 Revenue Increased 116.7% to $54.0 million as Compared to the Third Quarter 2020;

Net Income of $38.2 million, a $68.2 million Improvement as Compared to the Third Quarter 2020;

Adjusted EBITDA(1) Increased 124.9% to $6.4 million as Compared to the Third Quarter 2020

BOCA RATON, Fla., Nov. 17, 2021 (GLOBE NEWSWIRE) -- **Jushi Holdings Inc. ("Jushi" or the "Company") (CSE: JUSH) (OTCQX: JUSHF)**, a vertically integrated, multi-state cannabis operator, announced its financial results for the third quarter 2021 ("Q3 2021") ended September 30, 2021. All financial information is provided in U.S. dollars unless otherwise indicated.

Third Quarter 2021 Highlights

- Total revenue of $54.0 million, an increase of 13.1% sequentially and 116.7% year-over-year
- Gross profit of $24.5 million, an increase of 11.4% sequentially and 99.6% year-over-year
- Net income of $38.2 million, an increase of $33.5 million sequentially and $68.2 million year-over-year
- Adjusted EBITDA(1) of $6.4 million, an increase of 38.5% sequentially and 124.9% year-over-year

Third Quarter 2021 Operational Highlights

- Expanded Nevada footprint with a definitive agreement to acquire The Apothecarium,(2) an operating adult-use and medical retail dispensary in Las Vegas, NV
- Launched flower sales in Virginia, with the introduction of the flower brands, The Bank and Sèche
- Completed the acquisition of Nature's Remedy of Massachusetts, Inc. ("Nature's Remedy"), includes two operating retail dispensaries and a cultivation and manufacturing facility in Massachusetts ("Lakeville Facility")
- Opened the 21st and 22nd BEYOND / HELLO™ retail locations nationwide with the Company's 14th and 15th store in Pennsylvania
- Completed the acquisition of a licensed processor in Ohio and commenced operations at the processing facility

- Completed the acquisition of a licensed cultivator in Ohio
- Awarded a conditional retail dispensary license in Illinois through its partner Northern Cardinal Ventures
- Converted founder's super and multiple voting shares into subordinate voting shares
- Announced the appointment of Brendon Lynch as Executive Vice President of Retail Operations
- Received an approximate $16.4 million final arbitration award in a previously announced dispute
- Announced the transition to domestic issuer status in the United States

Recent Developments

- Announced it has entered into a definitive agreement to acquire NuLeaf, Inc. together with its subsidiaries and related companies, a Nevada-based vertically integrated operator
- Opened the 25th and 26th retail locations nationwide with the Company's 16th BEYOND / HELLO™ store in Pennsylvania and 2nd BEYOND / HELLO™ store in Virginia
- Secured $100 million acquisition facility ("Acquisition Facility") from SunStream Bancorp Inc.
- Filed a preliminary short form base shelf prospectus (the “Shelf Prospectus”) with the securities commissions
- Announced the appointment of Edward Kremer as Chief Financial Officer

(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.
(2) The Apothecarium is used under license with an affiliate of TerrAscend Corp.

Management Commentary

“Our financial performance in the third quarter demonstrates our ability to continue to drive strong top line revenue growth and improved profitability, both on a sequential and year-over-year basis, while continuing to invest in the business to support our future growth,” said Jim Cacioppo, Chief Executive Officer, Chairman and Founder of Jushi. “In the third quarter, we made significant progress strengthening all areas of our platform including growing our retail network through a strategic acquisition in Massachusetts, and the opening of two new stores in Pennsylvania. We also expanded access to our brands and products, including the introduction of flower in Virginia, and enhanced our wholesale capabilities with acquisitions in high-growth markets such as Massachusetts and Ohio."

Mr. Cacioppo added, “With our recently announced Acquisition Facility, we are well positioned with a strong balance sheet to continue executing on our growth plans. We expect to accelerate our expansion plans by identifying and securing assets in new and existing markets and continuing to deliver a differentiated customer experience through our best-in-class retail and online platforms.”

Financial Results for the Three Months Ended September 30, 2021

The following is a tabular summary and commentary of revenue, gross profit, net income

and net income (loss) per share for the three-month periods ended September 30, 2021 and June 30, 2021.

($ in millions, except per share amounts)

	Quarter Ended September 30, 2021	Quarter Ended June 30, 2021	% Change
Revenue	$ 54.0	$ 47.7	13.1%
Gross Profit	$ 24.5	$ 21.9	11.4%
Net income	$ 38.2	$ 4.8	703.2%
Net income per share - basic	$ 0.22	$ 0.03	
Net (loss) per share - diluted	$ (0.08)	$ (0.08)	

Revenue in Q3 2021 was $54.0 million, an increase of 13.1% as compared to $47.7 million in the second quarter of 2021 ("Q2 2021") and 116.7% from $24.9 million in the third quarter of 2020 (“Q3 2020”). The 13.1% increase in revenue was driven primarily by solid revenue growth at the Company’s BEYOND / HELLO™ stores in Pennsylvania, Virginia and Illinois, and less than one month of revenue contribution from the addition of two Nature’s Remedy stores in Massachusetts. Furthermore, increased operating activity at the Company’s grower-processor facilities in Pennsylvania and Virginia, and a partial contribution from Nature’s Remedy's Lakeville Facility also contributed to the increase in revenue. The 116.7% year-over-year increase in revenue was primarily driven by the build-out and expansion of the Company’s retail store base, expanding from 10 to 24, and the modest expansion of the Company's wholesale business driven by an increase in cultivation and manufacturing activity.

Gross profit in Q3 2021 was $24.5 million, or 45.3% of revenue, compared to $21.9 million, or 46.0% of revenue in Q2 2021. The increase in gross profit was primarily driven by the increase in revenue, partially offset by an increase in promotional activity focused on growing the percentage mix of private brand products, and an increase in loyalty program promotional activity. Gross profit increased $12.2 million as compared to Q3 2020 driven by higher revenue.

General, administrative and selling expenses in Q3 2021 were $24.3 million, a $0.6 million decrease as compared to $24.9 million in Q2 2021. Excluding one-time severance costs in Q2 2021, operating costs increased $1.3 million, driven primarily by an increase in headcount to support new store openings, an increase in activity at our cultivation and manufacturing facilities, and the size and scope of general administrative functions.

Q3 2021 net income was $38.2 million, or $0.22 per basic share and net loss of $0.08 per diluted share, compared to net income of $4.8 million, or $0.03 per basic share and net loss of $0.08 per diluted share in Q2 2021. The net loss per diluted share in Q3 2021 was primarily due to the dilutive effects of the derivative warrants as accounted for under IFRS. The fair value gain on the derivative warrants is removed from basic earnings to calculate diluted net loss, which is then divided by the diluted weighted average number of shares. The $33.5 million improvement in net income in the third quarter was primarily driven by the gain on fair value derivative liabilities of $55.1 million. Net income increased $68.2 million as

compared to Q3 2020, driven by an increase in fair value gain on derivative warrants, revenue, and gross profit.

Adjusted EBITDA[(1)] in Q3 2021 was $6.4 million, an increase of 38.5% as compared to Q2 2021. The sequential increase in Adjusted EBITDA[(1)] was driven by higher revenues and gross profit. Adjusted EBITDA increased by 124.9%, as compared to Q3 2020, driven by significantly higher revenue and gross profit, primarily due to continued growth related to the Company's expansion of operations and acquisitions.

Balance Sheet and Liquidity

As of September 30, 2021, the Company had $59.1 million of cash and short-term investments, total current assets of $139.3 million and current liabilities of $79.2 million. Net working capital at the end of September 30, 2021 was $60.1 million. The Company incurred approximately $14.8 million in capital expenditures during Q3 2021 and $56.4 million year to date. The Company expects to incur approximately $35 million to $40 million in capital expenditures in the fourth quarter 2021, subject to market conditions and regulatory changes, of which a portion will be funded by an existing financing arrangement. As of September 30, 2021, the Company had $102.1 million principal amount of total debt, excluding leases and property, plant and equipment financing obligations.

Subsequent to the quarter ended September 30, 2021, the Company has drawn $40.0 million from the Acquisition Facility to fund the cash portion of the recently completed acquisition of Nature's Remedy. As of October 31, 2021, the Company had approximately $94 million in cash and short-term investments, and approximately $142 million principal amount of total debt, excluding leases and property, plant and equipment financing obligations on the balance sheet.

Outlook

Mr. Cacioppo commented, "Looking ahead to the remainder of the year, we expect to open an additional two BEYOND/HELLO^{TM} dispensaries for a total of four in Q4 and continue to build-out our Pennsylvania and Virginia grower-processor facilities, which will increase our margins and substantially grow our wholesale sales in 2022 and beyond."

Mr. Cacioppo added, "We are revising our full year 2021 revenue guidance range to $205 to $215 million, and our 2021 Adjusted EBITDA guidance range to $21 to $25 million on an IFRS basis. The reduction in revenue and Adjusted EBITDA guidance was driven by (1) delays in new store openings, due to unforeseen regulatory approval timing-related delays; (2) slower than expected ramp-up of wholesale activity in Massachusetts due to the lack of wholesale operating infrastructure by the previous operator; (3) ongoing regulatory complexities that have impeded our ability to introduce our full suite of flower products in Virginia; and (4) a delay in signing and closing of acquisitions in Nevada. We also incurred greater than expected corporate overhead as we have ramped up hiring to support our continued growth."

Mr. Cacioppo concluded, "While the pace at which we have been able to open new stores and launch new products has been slower than we initially anticipated, I am pleased with the progress we have made to date, and I am encouraged by our industry-leading organic growth as we continue to expand our footprint. We are also reaffirming guidance for 2022, as

the challenges we have been experiencing will be substantially behind us by Q1 2022. Lastly, I am excited for what the future brings as we continue to forge our leadership position in the cannabis industry, all while driving long-term value for our shareholders."

The Company's MD&A and consolidated financial statements for the third quarter ended September 30, 2021, once filed, along with all previous public filings of the Company, may be found on SEDAR at www.SEDAR.com.

Conference Call and Webcast Information

The Company will host a conference call to discuss its financial results for the third quarter 2021 at 9:00 a.m. ET today, Wednesday, November 17, 2021.

Event:	Third Quarter 2021 Financial Results Conference Call
Date:	Wednesday, November 17, 2021
Time:	9:00 a.m. Eastern Time
Live Call:	+1-877-407-0792 (U.S.Toll-Free) or+1-201-689-8555 (International)
Webcast:	**http://public.viavid.com/index.php?id=146496**

For interested individuals unable to join the conference call, a dial-in replay of the call will be available until December 17, 2021 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: 13722969.

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, 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 ability of Jushi to successfully and/or timely 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, 2021, once filed, and other filings with securities and regulatory authorities may be found 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. The financial information reported in this press release is based on unaudited management prepared financial statements for the three and nine months ended September 30, 2021. These preliminary results are provided prior to completion of all internal and external reviews and therefore are subject to adjustment until the filing of the Company's quarterly financial statements, which the Company expects to file on SEDAR on or about November 18, 2021. The review of the unaudited consolidated financial statements for the three and nine month periods ended September 30, 2021 by the Company's auditors is currently in process. All financial information contained in this press release is qualified in its entirety with reference to such financial statements. While the Company does not expect there to be any material changes between the information contained in this press release and the consolidated financial statements it files on SEDAR, to the extent that the financial information contained in this press release is inconsistent with the information contained in the Company's financial statements, the financial information contained in this press release shall be deemed to be modified or superseded by the Company's filed financial statements. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation for purposes of applicable securities laws.

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.

Not for distribution to United States newswire services or for dissemination in the United States.

For further information, please contact:

Investor Relations
Michael Perlman
Executive Vice President of Investor Relations and Treasury
Investors@jushico.com
(561) 281-0247

Media Contact
Ellen Mellody
MATTIO Communications
Ellen@Mattio.com
(570) 209-2947

JUSHI HOLDINGS INC.
CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS OF OPERATIONS AND COMPREHENSIVEINCOME (LOSS)
(in thousands of U.S. dollars, except share and per share amounts)

	Three Months Ended September 30, 2021	Three Months Ended June 30, 2021	Three Months Ended September 30, 2020
	(unaudited)	(unaudited)	(unaudited)
REVENUE, NET	$ 53,981	$ 47,744	$ 24,913
COST OF GOODS SOLD	(30,664)	(26,126)	(13,888)
GROSS PROFIT BEFORE FAIR VALUE CHANGES	$ 23,317	$ 21,618	$ 11,025
Realized fair value changes included in inventory sold	(3,077)	(3,411)	(761)
Unrealized fair value changes included in biological assets	4,213	3,739	1,986
GROSS PROFIT	$ 24,453	$ 21,946	$ 12,250
OPERATING EXPENSES			
General, administrative and selling expenses	$ 24,348	$ 24,909	$ 11,843
Acquisition and deal costs	258	870	88
Total operating expenses	$ 24,606	$ 25,779	$ 11,931
(LOSS) INCOME FROM OPERATIONS BEFORE OTHER INCOME (EXPENSE)	$ (153)	$ (3,833)	$ 319
OTHER INCOME (EXPENSE):			
Interest income	$ 60	$ 87	$ 69
Fair value changes in derivatives	55,060	21,099	(36,888)
Interest expense	(8,093)	(6,085)	(6,791)
Net gains on business combinations	-	-	15,313
Gains on investments and financial assets	76	124	1,654
Losses on debt and warrant modifications	-	-	(257)
Other income (expense), net	189	(532)	(1,569)
Total other income (expense), net	$ 47,292	$ 14,693	$ (28,469)
INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) BEFORE TAX	$ 47,139	$ 10,860	$ (28,150)
Current income tax expense	(7,632)	(6,172)	(3,796)
Deferred income tax (expense) benefit	(1,273)	72	1,947
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	$ 38,234	$ 4,760	$ (29,999)
Net loss attributable to non-controlling interests	(62)	(190)	(573)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO JUSHI SHAREHOLDERS	$ 38,296	$ 4,950	$ (29,426)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) PER SHARE ATTRIBUTABLE TO JUSHI SHAREHOLDERS - BASIC	$ 0.22	$ 0.03	$ (0.27)
Weighted average shares outstanding - basic	175,282,342	170,754,594	108,321,873
NET LOSS AND COMPREHENSIVE LOSS PER SHARE ATTRIBUTABLE TO JUSHI SHAREHOLDERS - DILUTED	$ (0.08)	$ (0.08)	$ (0.27)
Weighted average shares outstanding - diluted	205,762,301	203,783,486	108,321,873

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

	September 30, 2021	December 31, 2020
	(unaudited)	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 53,168	$ 85,857
Accounts receivable, net	1,829	859
Investments in securities	5,905	7,934
Inventory, net	50,758	12,966
Biological assets	14,476	3,962
Prepaid expenses	4,094	3,319
Other current assets	9,102	1,372
Total current assets	$ 139,332	$ 116,269
NON-CURRENT ASSETS:		
Property, plant and equipment, net	$ 219,328	$ 72,471
Other intangible assets, net	192,113	132,028
Goodwill	63,072	31,055
Other non-current assets	11,503	7,456
Non-current restricted cash	525	-
Total non-current assets	$ 486,541	$ 243,010
Total assets	$ 625,873	$ 359,279
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 6,982	$ 3,712
Accrued expenses and other current liabilities	55,169	26,727
Other debt	2,029	261
Promissory notes payable	-	1,338
Lease obligations	15,059	4,716
Total current liabilities	$ 79,239	$ 36,754
NON-CURRENT LIABILITIES:		
Promissory notes payable	$ 21,191	$ 3,081
Senior notes	53,065	50,566
Derivative liabilities	133,421	205,361
Lease obligations	104,244	34,494
Deferred tax liabilities	52,472	23,798
Other debt and other non-current liabilities	13,041	3,475
Total liabilities	$ 456,673	$ 357,529
COMMITMENTS AND CONTINGENCIES		
EQUITY:		
Share capital and share reserves	$ 418,596	$ 263,914
Accumulated deficit	(249,334)	(264,091)
Total Jushi shareholders' equity	$ 169,262	$ (177)
Non-controlling interests	(62)	1,927
Total equity	$ 169,200	$ 1,750
Total liabilities and equity	$ 625,873	$ 359,279

JUSHI HOLDINGS INC.
CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of U.S. dollars)

	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 16,193	$ (55,203)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization, including amounts in cost of goods sold	$ 6,190	$ 3,508
Share-based payments	7,981	3,804
Fair value changes in derivatives	(66,801)	38,049
Net gains on business combinations	-	(17,515)
(Gains) losses on investments and financial assets	(1,373)	4,225
Losses (gains) on debt and warrant modifications	3,815	(10)
Non-cash interest expense	14,856	7,284
Deferred income taxes	1,162	(4,331)
Fair value changes on sale of inventory and on biological assets	(2,816)	(1,333)
Non-cash other expense	63	2,644
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	$ (808)	$ (251)
Prepaid expenses and other current assets	(3,526)	(4,014)
Inventory and biological assets	(15,978)	(1,236)
Other assets	(545)	(165)
Accounts payable, accrued expenses and other current liabilities	27,073	18,207
Net cash flows used in operating activities	$ (14,514)	$ (6,337)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for acquisitions, net of cash acquired	$ (47,303)	$ (25,608)
Purchases and deposits for property, plant and equipment	(56,351)	(12,417)
Proceeds from investments	3,251	2,157
Proceeds from note receivable	-	5,193
Net cash flows used in investing activities	$ (100,403)	$ (30,675)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of shares for cash, net	$ 85,660	$ -
Proceeds from exercise of warrants and options	16,438	596
(Payments for) proceeds from senior notes, including interest	(13,868)	47,552
Principal and interest payments for promissory notes	(1,925)	(15,566)
Payments for lease obligations	(6,055)	(1,876)
Proceeds from other debt	3,013	3,017
Repayments of other debt	(298)	-
Payments for non-controlling interests	-	(1,850)
Contributions from non-controlling interests	-	1,994
Net cash flows provided by financing activities	$ 82,965	$ 33,867
Effect of currency translation on cash and cash equivalents	(212)	(24)
NET CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	$ (32,164)	$ (3,169)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	85,857	38,936
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	$ 53,693	$ 35,767

JUSHI HOLDINGS INC.(1)
RECONCILIATION OF NON-IFRS FINANCIAL MEASUREMENTS

In addition to providing financial measurements based on IFRS, the Company provides

additional financial metrics that are not prepared in accordance with IFRS. Management uses non-IFRS financial measures, in addition to IFRS financial measures, to understand and compare operating results across accounting periods, for financial and operational decision making, for planning and forecasting purposes and to evaluate the Corporation's financial performance. These non-IFRS financial measures are EBITDA and Adjusted EBITDA (both defined below). Management believes that these non-IFRS financial measures reflect the Company's ongoing business in a manner that allows for meaningful comparisons and analysis of trends in the business, as they facilitate comparing financial results across accounting periods and to those of peer companies. As there are no standardized methods of calculating these non-IFRS measures, the Company's methods may differ from those used by others, and accordingly, the use of these measures may not be directly comparable to similar measures used by others, thus limiting their usefulness. Accordingly, these non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

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. Management believes 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. Management defines Adjusted EBITDA as EBITDA before: (i) fair value changes included in inventory sold and biological assets; (ii) share-based compensation expense; (iii) fair value changes in derivatives; (iv) gains/losses on debt and warrant modifications; (v) net gains on business combinations; (vi) gains/losses on investments and financial assets; (vii) acquisition and deal costs; (viii) severance costs; (ix) start-up costs; (x) gains/losses on legal settlements; (xi) inventory step-up on business combination and (xii) registration statement costs.

JUSHI HOLDINGS INC.
UNAUDITED RECONCILIATION OF NET INCOME (LOSS) TO ADJUSTED EBITDA
(in thousands of U.S. dollars)

	Three Months Ended September 30, 2021	Three Months Ended June 30, 2021	Three Months Ended September 30, 2020
NET INCOME (LOSS) (1)	$ 38,234	$ 4,760	$ (29,999)
Income tax expense	8,905	6,100	1,849
Interest expense, net	8,033	5,998	6,722
Depreciation and amortization (2)	2,004	2,417	1,370
EBITDA (Non-IFRS)	$ 57,176	$ 19,275	$ (20,058)
Fair value changes included in inventory sold and biological assets	(1,136)	(328)	(1,225)
Share-based compensation expense	2,035	2,383	1,274
Fair value changes in derivatives	(55,060)	(21,099)	36,888
Losses on debt and warrant modifications	-	-	257
Net gains on business combinations	-	-	(15,313)
Gains on investments and financial assets	(76)	(124)	(1,654)
Acquisition and deal costs (3)	258	870	88
Severance costs and adjustments (3)(4)	(69)	1,839	-
Start-up costs (3)(5)	2,315	1,172	550
(Gains) losses on legal settlements	(22)	601	2,018
Inventory step-up on business combination (6)	865	-	-
Registration statement costs (7)	68	-	-
Adjusted EBITDA (Non-IFRS)	$ 6,354	$ 4,589	$ 2,825

(1) Net income (loss) includes amounts attributable to non-controlling interests.
(2) From the statement of cash flows. Includes amounts that are included in cost of goods sold and in operating expenses.
(3) During the second quarter of 2021, we revised our methodology for calculating Adjusted EBITDA to also adjust for the effects of acquisition and deal costs, severance costs and start-up costs. We revised our methodology for calculating Adjusted EBITDA because we believe that the fluctuations caused in our operating results from these items are not reflective of our core performance, and that the revised methodology provides management and investors more useful information to evaluate the operations of our business. The prior period data for these items has been added to conform to current period presentation.
(4) Severance costs relate to a founder's separation cost and to severance for former executives of a previously acquired business.
(5) Expansion and start-up costs incurred in order to prepare a location for its intended use. Start-up costs are expensed as incurred and are not indicative of ongoing operations of each new location.
(6) Relates to the fair value write-up on inventory acquired in the Nature's Remedy acquisition and sold during the third quarter of 2021.
(7) Adjustment to reflect the elimination of costs relating to Company's SEC registration and compliance

.Jushi

Source: Jushi Holdings Inc.