March 24, 2022

Jushi Holdings Inc. Reports Fourth Quarter and Full Year 2021 Financial Results

Fourth Quarter 2021 Revenue of $65.9 million and Full Year 2021 Revenue of $209.3 million, Reflecting 22% Quarterly and 159% Annual Growth

Expanded Cannabis Footprint to Seven States, Including Three Vertically Integrated Markets

BOCA RATON, Fla., March 24, 2022 (GLOBE NEWSWIRE) -- **Jushi Holdings Inc. ("Jushi" or the "Company") (CSE: JUSH) (OTCQX: JUSHF**), a vertically integrated, multi-state cannabis operator, is pleased to announce its financial results for the fourth quarter 2021 ("Q4 2021") and full year ended December 31, 2021 ("FY 2021"). All financial information is provided in U.S. dollars unless otherwise indicated.

Financial Highlights

Q4 2021

- Total revenue of $65.9 million, an increase of 22% sequentially and 104% year-over-year
- Adjusted gross profit(1) of $26.4 million, an increase of 8% sequentially and 76% year-over-year
- Net income of $9.1 million, or $0.05 per basic share with net loss per diluted share of $(0.14)
- Adjusted EBITDA(1) of $1.5 million
- Cash and cash equivalents were $95.0 million as of the quarter end

FY 2021

- Total revenue of $209.3 million increased approximately 159% year-over-year
- Adjusted gross profit(1) of $92.1 million, an increase of 144% year-over-year
- Net income of $25.3 million, an increase of $237.2 million year-over-year
- Adjusted EBITDA(1) of $16.9 million, or 8% of revenue, an increase of $16.3 million year-over-year

Fourth Quarter 2021 Operational Highlights

- Entered into a definitive agreement to acquire NuLeaf, Inc. ("NuLeaf"), a Nevada-based vertically integrated operator with three adult-use and medical retail dispensaries, a 27,000 sq. ft. cultivation facility, and a 13,000 sq. ft. processing facility
- Opened four BEYOND / HELLO™ retail locations and the Company's 28th store

nationwide
- Secured a $100 million Senior Secured Credit Facility (the “Acquisition Facility”) from a portfolio company of SunStream Bancorp Inc.
- Appointed Edward Kremer to Chief Financial Officer

Recent Developments

- Completed the acquisition of The Apothecarium[(2)] in Las Vegas, Nevada (“Apothecarium Nevada”), an operating adult-use and medical retail dispensary, establishing the Company’s fourth vertically integrated state-level operation and expanded national operating store count to 29
- Debuted a series of cannabis brands and product launches in Massachusetts
- Selected in the retail lottery for a provisional medical marijuana dispensary license in Clermont County, Ohio located in the Tri-State area of Cincinnati, awaiting certification as well as issuance of licenses by The Ohio Board of Pharmacy
- Closed a non-brokered private placement (the “Offering”), for total proceeds of approximately $13.7 million
- Announced that Jim Cacioppo, Chief Executive Officer, Chairman, and Founder, purchased 66,800 Class B Subordinate Voting Shares of the Company in the open market for an approximate amount of $220,000

Management Commentary

We closed out the year with another quarter of solid top-line revenue growth," said Jim Cacioppo, Chief Executive Officer, Chairman, and Founder of Jushi. Throughout 2021, we made significant progress scaling our operations and positioning our platform for sustained growth and market leadership. During the year, we nearly doubled our operational retail store count through organic and inorganic expansion opportunities and bolstered and expanded our cultivation and processing capabilities with the addition of various assets across both our core and developing markets."

Jim Cacioppo continued, “Over the fourth quarter, we incurred additional operating expenses as we invested in the business to support our long-term growth outlook, which ultimately resulted in lower profitability than initially anticipated. The reduction in profitability in the fourth quarter was largely due to costs associated with bringing on and fostering the right talent to strengthen the organization, along with an increase in headcount associated with new store openings and the build-out of our cultivation and processing assets. Along with investing in the business, we have also begun executing several cost savings measures that are expected to result in significant savings in the coming quarters."

Jim Cacioppo concluded, "Now with 29 stores open and operating, licenses to open another 11 stores[(3)], approximately 248 thousand square feet of operational cultivation and processing capacity, and an additional 82 thousand square feet anticipated to come online this year, we expect to cement our retail network and rapidly expand our wholesale business in some of the most exciting markets in the U.S. We are incredibly proud our people and the platform we have built, and we are ready to build on this momentum into 2022 and beyond as we position Jushi for the future.”

(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 and reconciliations of the same to IFRS financial measures.
(2) The Apothecarium is used under license with an affiliate of TerrAscend Corp.
(3) Includes assets under a Definitive Agreement.

Financial Results for the Fourth Quarter Ended December 31, 2021

The following is a tabular summary and commentary of revenue, gross profit, adjusted gross profit(1), net income (loss), and net income (loss) per share for the three-month periods ended December 31, 2021, September 30, 2021, and December 31, 2020.

	Quarter Ended December 31, 2021	Quarter Ended September 30, 2021	% Change	Quarter Ended December 31, 2021	Quarter Ended December 31, 2020	% Change
Revenue	$ 65.9	$ 54.0	22.1%	$ 65.9	$ 32.3	104.0%
Gross profit	$ 20.9	$ 24.5	(14.6)%	$ 20.9	$ 19.2	8.8%
Adjusted gross profit(1)	$ 26.4	$ 24.4	8.1%	$ 26.4	$ 15.0	75.7%
Net income (loss)	$ 9.1	$ 38.2		$ 9.1	$ (156.7)	
Net income (loss) per share - basic	$ 0.05	$ 0.23		$ 0.05	$ (1.35)	
Net loss per share - diluted	$ (0.14)	$ (0.08)		$ (0.14)	$ (1.35)	

Revenue in Q4 2021 was $65.9 million, an increase of 22% as compared to $54.0 million in the third quarter of 2021 (“Q3 2021”) and increased 104% from $32.3 million in the fourth quarter of 2020 (“Q4 2020”). The 22% sequential growth in revenue was primarily driven by the acquisition of Nature's Remedy in Massachusetts, strong revenue growth at the Company’s BEYOND / HELLO™ stores in Virginia and Illinois, and increased wholesale activity at the Company’s grower-processor facilities in Pennsylvania and Virginia.

Adjusted gross profit(1) in Q4 2021 was $26.4 million, or 40.0% of revenue, compared to $24.4 million, or 45.1% of revenue, in Q3 2021. The decrease in gross margin was primarily driven by price compression at the retail level in Pennsylvania and Illinois and at the wholesale level due to increased promotional activity as the Company continues to build-out its brands across state markets. The Company also recorded additional period end adjustments related to the establishment of a reserve for expiring product and plant attrition incurred in the normal course, which negatively impacted gross margin.

Q4 2021 net income was $9.1 million, or $0.05 per basic share and net loss of $0.14 per diluted share, compared to net income of $38.2 million, or $0.23 per basic share and net loss of $0.08 per diluted share, in Q3 2021. The net loss of $0.14 per diluted share in Q4 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.

Adjusted EBITDA(1) in Q4 2021 was $1.5 million, as compared to $6.4 million in Q3 2021 and $3.8 million in Q4 2020. The decline in Adjusted EBITDA(1) was primarily driven by an increase in operating expenses due to increased investments to support the Company's

long-term growth outlook, and lower gross profit driven by retail and wholesale margin compression.

Financial Results for the Year Ended December 31, 2021

The following is a tabular summary and commentary of revenue, gross profit, adjusted gross profit[(1)], net income (loss), and net income (loss) per share for the twelve-month periods ended December 31, 2021, and December 31, 2020.

($ in millions, except per share amounts)

	Year Ended December 31, 2021	Year Ended December 31, 2020	% Change
Revenue	$ 209.3	$ 80.8	159 %
Gross profit	$ 87.4	$ 43.1	103 %
Adjusted gross profit[(1)]	$ 92.1	$ 37.7	144 %
Net income (loss)	$ 25.3	$ (211.9)	
Net income (loss) per share - basic	$ 0.16	$ (2.11)	
Net loss per share - diluted	$ (0.40)	$ (2.11)	

FY 2021 revenue increased 159% to $209.3 million, compared to $80.8 million in 2020. The 159% increase in revenue was primarily driven by the build-out and expansion of the Company's retail operations in Pennsylvania and Illinois, the acquisition of Nature's Remedy, and a modest expansion of the Company's wholesale business in both Pennsylvania and Virginia. During FY 2021, the Company opened 13 stores across five markets, ending the year with 28 operating stores.

FY 2021 adjusted gross profit[(1)] was $92.1 million, or 44.0% of revenue, compared to $37.7 million or 46.7% of revenue in 2020. The increase in adjusted gross profit[(1)] was driven by the Company's expanded retail business, including the addition of 13 new stores, and increased distribution of Jushi's branded products into the wholesale market.

FY 2021 net income was $25.3 million, or $0.40 loss per diluted share, compared to a net loss of $211.9 million, or $(2.11) per diluted share, in 2020.

Adjusted EBITDA[(1)] for FY 2021 was $16.9 million, an increase of $16.3 million compared to $0.7 million in 2020.

Balance Sheet and Liquidity

As of December 31, 2021, the Company had $95.0 million of cash and cash equivalents. On a pro forma basis, including proceeds from the Offering closed in the first quarter of 2022, the Company had $108.6 million of cash and cash equivalents as of December 31, 2021. The Company incurred approximately $18.0 million in cash capital expenditures during Q4 2021 and approximately $74.3 million for FY 2021. The Company expects to incur approximately $40 to $60 million in cash capital expenditures for the full year 2022, subject to market conditions and regulatory changes, of which a portion will be funded by an existing financing arrangement. As of December 31, 2021, the Company had $147 million principal amount of total debt, excluding leases and property, plant, and equipment financing obligations. As of December 31, 2021, the Company’s Acquisition Facility had $85 million of

available capacity, including the $25 million accordion feature. As of March 24, 2022, the Company's issued and outstanding shares were 189,720,812 and its fully diluted shares outstanding were 276,686,790.

Outlook

Mr. Cacioppo commented, “After reporting strong sequential revenue growth in the fourth quarter of 2021, we are experiencing a slowdown in revenue as we begin the year. Additionally, due to a combination of headwinds, including seasonality, macroeconomic factors, regulatory delays, and supply chain issues, we are revising our previously provided guidance range to an annualized fourth quarter 2022 run-rate. We now expect fourth quarter revenue on an annualized basis to be between $375 to $425 million and Adjusted EBITDA to be between $70 to $90 million on an IFRS basis.”

The Company’s MD&A and consolidated financial statements for the fourth quarter and year ended December 31, 2021, will be filed in April. The Company's previous public filings 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 fourth quarter and full year 2021 at 9:00 a.m. ET today, Thursday, March 24, 2022.

Event:	Fourth Quarter and Full Year 2021 Financial Results Conference Call
Date:	Thursday, March 24, 2022
Time:	9:00 a.m. Eastern Time
Live Call:	+1-877-407-0792 (U.S. Toll-Free) or +1-201-689-8555 (International)
Webcast:	https://viavid.webcasts.com/starthere.jsp?ei=1531692&tp_key=ced6abd2e7

For interested individuals unable to join the conference call, a dial-in replay of the call will be available until April 20, 2022, 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: 13727396.

Consolidated Financial Statements

The financial information reported in this press release is based on unaudited management prepared financial statements for the three months and year ended December 31, 2021. These financial statements have been prepared in accordance with IFRS. This release contains certain preliminary financial results for fourth quarter and full-year 2021, including, but not limited to, Cost of goods sold; Gross profit; Other income (expense), net, including impairment charges; Income tax (expense) benefit; Net loss; Inventory, net; Goodwill, net; Deferred taxes, contingent consideration and other payables, short-term. The Company expects to file its audited consolidated financial statements for the year ended December 31, 2021, on SEDAR in April. Accordingly, such financial information may be subject to change. 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. Further, the reader should refer to the additional disclosures in the Company's audited financial statements for the year ended December 31, 2021, expected to be filed on SEDAR in April.

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, visit 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, 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.
CONDENSED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(in thousands of U.S. dollars, except share and per share amounts)

	Three Months Ended December 31,		For the Year Ended December 31,	
	2021 [1]	2020	2021 [1]	2020
REVENUE, NET	$ 65,892	$ 32,294	$ 209,292	$ 80,772
Cost of goods sold including fair value changes included in inventory sold and biological assets	$ (45,014)	$ (13,106)	$ (121,921)	$ (37,704)
GROSS PROFIT	$ 20,878	$ 19,188	$ 87,371	$ 43,068
OPERATING EXPENSES	$ 38,342	$ 17,532	$ 109,926	$ 52,300
(Loss) Income from operations before other (expense) income	$ (17,464)	$ 1,656	$ (22,555)	$ (9,232)
OTHER (EXPENSE) INCOME:				
Interest expense, net	$ (10,369)	$ (5,908)	$ (30,956)	$ (18,902)
Fair value gains (losses) in derivatives	38,370	(135,659)	105,170	(173,707)
Other, net	8,234	(10,563)	4,743	376
Total other income (expense), net	$ 36,235	$ (152,130)	$ 78,957	$ (192,233)
INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) BEFORE INCOME TAXES	$ 18,771	$ (150,474)	$ 56,402	$ (201,465)
Income tax expense	(9,651)	(6,188)	(31,089)	(10,401)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	$ 9,120	$ (156,662)	$ 25,313	$ (211,866)
Net loss attributable to non-controlling interests	—	(626)	(427)	(1,908)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO JUSHI SHAREHOLDERS	$ 9,120	$ (156,036)	$ 25,740	$ (209,958)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) PER SHARE ATTRIBUTABLE TO JUSHI SHAREHOLDERS - BASIC	$ 0.05	$ (1.35)	$ 0.16	$ (2.11)
Weighted average shares outstanding - basic	183,596,959	115,362,054	165,697,834	99,560,553
NET LOSS AND COMPREHENSIVE LOSS PER SHARE ATTRIBUTABLE TO JUSHI SHAREHOLDERS - DILUTED	$ (0.14)	$ (1.35)	$ (0.40)	$ (2.11)
Weighted average shares outstanding - diluted	211,080,169	115,362,054	197,430,920	99,560,553

(1) Note that the financial statement audit process for the year ended December 31, 2021 has not been finalized, and accordingly final results could change for the three months and year ended December 31, 2021.

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

	December 31,	
	2021 (1)	2020
ASSETS		
Current assets	$ 166,049	$ 116,269
Non-current assets	515,464	243,010
Total assets	$ 681,513	$ 359,279
LIABILITIES AND EQUITY		
Current liabilities	$ 115,899	$ 36,754
Non-current liabilities	378,569	320,775
Total liabilities	$ 494,468	$ 357,529
Total equity	187,045	1,750
Total liabilities and equity	$ 681,513	$ 359,279

(1) Note that the financial statement audit process for the year ended December 31, 2021 has not been finalized, and accordingly final results could change for the three months and year ended December 31, 2021.

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

	Year Ended December 31,	
	2021 (1)	2020
Net cash flows provided by (used in) operating activities	$ 1,576	$ (3,720)
Net cash flows used in investing activities	(112,477)	(44,726)
Net cash flows provided by financing activities	120,805	95,414
Effect of currency translation on cash	(274)	(47)
Net change in cash and cash equivalents and restricted cash	$ 9,630	$ 46,921
Cash and cash equivalents and restricted cash, beginning of year	$ 85,857	$ 38,936
Cash and cash equivalents and restricted cash, end of year	$ 95,487	$ 85,857

(1) Note that the financial statement audit process for the year ended December 31, 2021 has not been finalized, and accordingly final results could change for the three months and year ended December 31, 2021.

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

EBITDA, Adjusted EBITDA and Adjusted Gross Profit

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, Adjusted EBITDA and Adjusted Gross Profit (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 defines EBITDA as net income (loss), or "earnings", before interest, income taxes, depreciation and amortization. Management defines Adjusted EBITDA as EBITDA before: (i) non-cash share-based compensation expense and other one-time charges; (ii) inventory-related adjustments; (iii) fair value changes in derivatives; (iv) other income/expense items (xiii) transaction costs; and (v) start-up costs. 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 Corporation's industry may calculate this measure differently, limiting their usefulness as comparative measures. "Adjusted Gross Profit" represents gross profit, as reported, adjusted to exclude certain inventory-related adjustments and start-up costs (within COGS).

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

	Three Months Ended December 31,		Three Months Ended September 30,	For the Year Ended December 31,	
	2021 [1]	2020	2021	2021 [1]	2020
Net income (loss) [2]	$ 9,120	$ (156,662)	$ 38,234	$ 25,313	$ (211,866)
Income tax expense	9,651	6,188	8,905	31,089	10,401
Interest expense, net	10,369	5,908	8,033	30,956	18,902
Depreciation and amortization [3]	3,259	1,903	2,004	9,449	5,412
EBITDA (Non-IFRS)	$ 32,399	$ (142,663)	$ 57,176	$ 96,807	$ (177,151)
Non-cash share-based compensation and other one-time charges [4][9]	8,224	3,621	1,966	18,015	7,425
Inventory-related adjustments [5]	1,399	(4,510)	(271)	(553)	(5,842)
Fair value changes in derivatives	(38,370)	135,659	(55,060)	(105,170)	173,707
Other (income) expense items [6]	(8,221)	10,659	(98)	(4,394)	(623)
Start-up costs [7][9]	5,015	957	2,315	9,768	2,364
Transaction costs [8][9]	1,038	78	326	2,472	810
Adjusted EBITDA (Non-IFRS)	$ 1,484	$ 3,801	$ 6,354	$ 16,945	$ 690

(1) Note that the financial statement audit process for the year ended December 31, 2021 has not been finalized, and accordingly final results could change for the three months and year ended December 31, 2021.
(2) Net income (loss) includes amounts attributable to non-controlling interests.

(3) From the statement of cash flows. Includes amounts that are included in cost of goods sold and in operating expenses.
(4) Includes: (i) non-cash share-based compensation expense for the period; (ii) severance costs; and (iii) loan forgiveness. Severance costs for the year ended December 31, 2021 primarily relate to separation costs for executives. In addition, loans to certain executives were forgiven in preparation for the Company's registration with the SEC in 2022 and treated as incremental incentive compensation.
(5) Includes: (i) fair value changes included in inventory sold and biological assets; (ii) inventory step-up on business combinations; and (iii) inventory recall reserves. The inventory step-up on business combination relates to the fair value write-up on inventory acquired in the Nature's Remedy acquisition and subsequently sold during 2021. The inventory recall reserves relate to the potential impact of the Pennsylvania Department of Health recall and ban of vape products containing certain cannabis concentrates.
(6) Includes: (i) net (gains) reductions on business combinations; (ii) losses (gains) on legal settlements; (ii) losses (gains) on investments and financial assets; (iv) losses on debt modifications; and (v) goodwill impairments.
(7) 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.
(8) Transaction costs include: (i) registration statement costs such as professional fees and other costs relating to our SEC registration; and (ii) acquisition and deal costs.
(9) 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.

JUSHI HOLDINGS INC.
UNAUDITED RECONCILIATION OF GROSS PROFIT TO ADJUSTED GROSS PROFIT
(in thousands of U.S. dollars)

	Three Months Ended December 31,		Three Months Ended September 30,	Year Ended December 31,	
	2021 (1)	2020	2021	2021 (1)	2020
Gross profit	$ 20,878	$ 19,188	$ 24,453	$ 87,371	$ 43,068
Inventory-related adjustments (2)	1,399	(4,510)	(271)	(553)	(5,842)
Start-up costs (within COGS) (3)	4,080	326	190	5,310	515
Adjusted gross profit	$ 26,357	$ 15,004	$ 24,372	$ 92,128	$ 37,741

(1) Note that the financial statement audit process for the year ended December 31, 2021 has not been finalized, and accordingly final results could change for the three months and year ended December 31, 2021.
(2) Includes: (i) fair value changes included in inventory sold and biological assets; (ii) inventory step-up on business combinations; and (iii) inventory recall reserves. The inventory step-up on business combination relates to the fair value write-up on inventory acquired in

the Nature's Remedy acquisition and subsequently sold during 2021. The inventory recall reserves relate to the potential impact of the Pennsylvania Department of Health recall and ban of vape products containing certain cannabis concentrates.
(3) 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.



Source: Jushi Holdings Inc.