MJardin Group Announces Third Quarter 2019 Financial Results

DENVER, Colorado, and TORONTO, Canada, November 25, 2019 -- MJardin Group, Inc. ("**MJardin**" or "the **Company**") (CSE: MJAR) (OTCQX: MJARF), a leader in premium cannabis production, today announced its financial and operating results for the three and nine-month periods ending September 30, 2019. All amounts are expressed in Canadian dollars unless otherwise indicated.

Q3 and YTD 2019 Highlights:

- Revenue of $7.6 million, includes $0.8M contribution from Cheyenne since acquisition date;
- Generated positive Adjusted EBITDA of $0.5 million;
- Sequential revenue growth from AMI facility of 47% compared to the prior quarter;
- Improved efficiencies by reducing corporate overhead by 45%;
- Announced first EU Supply agreement from the AMI facility for 250 KG a month beginning in the first quarter of 2020;
- Submitted application to Health Canada for a cultivation license at MJardin's "GRO" facility in Dunnville, Ontario and received official RMI from Health Canada. MJardin expects full licensing at the facility by Q4 2019;
- Production metrics at our AMI and WILL facility continue to produce at approximately 60 grams per square foot;
- MJardin anticipates providing revised guidance as part of its full-year 2019 financial reporting in early 2020.

Subsequent Events:

- October 4, 2019 - MJardin advanced the previously disclosed purchase price pursuant to the signed LOI with Peguis First Nation and began construction on Phase 2 of the Warman Project;
- October 18, 2019 – MJardin prepaid a portion of the purchase price of the previously disclosed Cannabella transaction. In consideration for the pre-payment of a portion of the purchase price, MJardin will receive certain benefits under its management agreement with Cannabella that it would otherwise have had to wait until closing to receive;
- November 12, 2019 - MJardin signed a partnership agreement with Robes Inc. to cultivate and distribute Robes Cannabis and BLLRDR Brands.

"The third quarter results reflect another period of building out size and scale across our operational platform, which as expected comes with challenges in any business, however we continue to successfully tackle these issues as we execute against our strategic plans which are centred around growth and profitability in 2020," commented Pat Witcher, CEO of MJardin. "We further reduced SG&A and have decreased those costs by 45%

compared to Q2 2019. This allows us to focus on and effectively allocate resources to developing our product lines within Health Canada's upcoming regulations around extraction, edibles and topicals. We continue to invest in these business lines on both sides of the border. Responsible deployment of capital to maximize shareholder value remains our top priority as we grow our operational footprint with accelerated revenue growth."

Second Quarter Financial Summary

	Three months ended September 30,		Nine months ended September 30,	
	2019	**2018**	**2019**	**2018**
Revenue	$ 7,643,293	$9,154,611	$ 25,299,430	$21,769,982
Direct operating costs	(4,581,298)	(4,013,144)	(16,019,158)	(11,372,076)
Gross margin before the undernoted	**3,061,995**	**5,141,467**	**9,280,272**	**10,397,906**
Fair value in biological assets included in inventory sold and other inventory charges	(1,202,504)	-	(1,498,773)	-
Unrealized gain on changes in fair value of biological assets	1,321,851	-	3,091,132	-
Gross margin	**3,181,342**	**5,141,467**	**10,872,631**	**10,397,906**
Operating expenses				
Depreciation	546,485	80,787	1,175,731	114,716
Salaries and fringe benefits	1,111,684	1,386,599	6,968,408	3,329,298
Share-based compensation	3,231,695	32,584	15,947,127	4,416,293
Sales, general and administrative	1,405,330	1,943,844	6,800,609	4,296,525
Bad debt	499,535	102,501	1,626,565	102,501
Total operating expenses	6,794,729	3,546,315	32,513,440	12,259,333
Net (loss) income from operations	**(3,613,387)**	**1,595,152**	**(21,640,809)**	**(1,861,427)**
Loan initiation fees	(202,219)	-	(2,470,011)	-
Interest expenses	(6,322,937)	(1,634,623)	(14,874,317)	(4,748,229)
Net earnings from associate	2,536,809	-	2,550,289	-
(Loss) gain on disposition of equity investment	(257,502)	-	1,176,204	-
(Loss) gain on loan modifications	(2,518,635)	-	5,557,924	-
Other gain	544,804	-	208,883	-
Realized loss on foreign exchange	(236)	(471,153)	(61,971)	(599)
Total other expenses	(6,219,916)	(2,105,776)	(7,912,999)	(4,748,828)
Net loss before income tax and other comprehensive loss	**(9,833,303)**	**(510,624)**	**(29,553,808)**	**(6,610,255)**
Income taxes	2,598,396	103,369	3,804,836	103,369
Net loss	**(12,431,699)**	**(613,993)**	**(33,358,644)**	**(6,713,624)**
Other comprehensive loss				
Items that are or may be reclassified to net loss				
Foreign operations – unrealized foreign currency translation differences	3,530,661	89,068	(1,299,431)	597,818
Total comprehensive loss	**(8,901,038)**	**(524,925)**	**(34,658,075)**	**(6,115,806)**

	Three months ended		Nine months ended	
	September 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018
EBITDA	**(2,963,882)**	**1,204,786**	**(13,503,760)**	**(1,747,310)**
Adjustments:				
Add: Share based compensation	3,231,695	32,584	15,947,127	4,416,293
Adjust: Loss (gain) on disposition of equity investment	257,502	-	(1,176,204)	-
Adjust: Loss (gain) on loan modifications	2,518,635	-	(5,557,924)	-
Adjust: Foreign exchange loss	236	471,153	61,971	599
Deduct: Net earnings from Associates	(2,536,809)	-	(2,550,289)	-
Adjusted EBITDA	**507,377**	**1,708,523**	**(6,779,080)**	**2,669,582**

Non-IFRS Measures

EBITDA, Adjusted EBITDA and Adjusted Net Loss from Operations are non-IFRS measures that the Company uses to assess its operating performance.

EBITDA is defined as net earnings (loss) before net finance costs, income tax expense (benefit) and depreciation and amortization expense.

Adjusted EBITDA is defined as EBITDA adjusted to exclude: impairment, settlements, share-based compensation, advisory fees and listing expenses, loss on foreign exchange and gain (loss) from equity investments and one-time gains or losses.

Adjusted Net Loss from Operations is defined as operating income (loss) adjusted to exclude share-based compensation.

The Company uses these non-IFRS measures to provide investors and others with supplemental measures of its operating performance. The Company believes these non-IFRS measures are important supplemental measures of operating performance because they eliminate items that have less bearing on the Company's operating performance and thus highlight trends in its core business that may not otherwise be apparent when relying solely on IFRS financial measures. The Company also believes that securities analysts, investors and other interested parties frequently use these non-IFRS measures in the evaluation of issuers, many of which present similar metrics when reporting their results. As other companies may calculate these non-IFRS measures differently than the Company, these metrics may not be comparable to similarly titled measures reported by other companies.

Revenue

MJardin continued the development of the sales of cannabis from its owned facilities, generating the first sales from the Cheyenne facility post license transfer of $0.8 million as well as recording $0.3 million in sales in the third quarter from the WILL facility.

The Company's Colorado operations continue to provide consistent revenues, generating $6.5 million in the third quarter.

Gross Margin

Due to lower costs, gross margin for the three months ended September 30, 2019 was $3.1 million, compared to $2.9 million for the prior quarter, an increase of $0.2 million or 7%. Not included in this gross margin number are fair value adjustments to inventory of $0.1 million. With a total of two grow rooms completed at WILL, full ownership of Cheyenne, further expansion underway, and the expected receipt of sale and cultivation licenses at AMI and GRO respectively, the Company expects to generate a steady increase in gross profit as facilities currently under-construction become fully operational.

Expenses

General and administrative expenses as well as payroll decreased from the prior quarter primarily due to the previously announced corporate cost-cutting measures which resulted in a 45% decrease in quarter over quarter SG&A. The Company will continue to aggressively search for efficiencies for the balance of 2019.

Adjusted EBITDA

Adjusted EBITDA was $0.5 million compared to an Adjusted EBITDA loss of $4.1 million for the prior quarter. This EBITDA improvement is primarily driven by the full benefits of corporate cost cutting being realized during the quarter.

Q4 2019 and 2020 Outlook

The Company continues to execute on its 2019 business plan with key deliverables for the fourth quarter of 2019, and full year 2020 as follows:

- Full build out completed in 2019 of WILL, GRO and AMI, with substantial completion of the Cheyenne facility anticipated by the first half of 2020;
- Construction will also begin on Rama in late 2019 with substantial completion expected to occur in 2020**;**
- 2019 exit run rate of approximately 3,300 kgs;
- Increase production run rates by the fourth quarter of 2020 by approximately 270% compared to 2019;
- The business will be EBITDA positive in fiscal year 2020 beginning in the third quarter;
- Successful transfer of licenses at Cannabella, and full integration of the businesses to enhance margins and market share;
- Continued pursuit of long term supply agreements to hedge price exposure of Canadian production and guarantee revenues.

Management Call

The Company will host a conference call today at 10 a.m. EST. Pat Witcher, CEO, and Edward Jonasson, CFO will discuss the Company's financial performance for the period ended September 30, 2019.

To access the call, please dial 1-800-458-4148 or 1-323-794-2597. A replay of the conference call will be available from 1 p.m. ET on Nov. 25, 2019, until 11:59 p.m. ET on Dec. 9, 2019. To access the replay, call 1-844-512-2921 or 1-412-317-6671, followed by passcode 1669163. An audio only webcast link to the call is also available at the following URL: http://public.viavid.com/player/index.php?id=136797

About MJardin Group
MJardin is a cannabis management platform with extensive experience in cultivation, processing, distribution and retail. For over 10 years, MJardin has refined cultivation methodologies, developed state of the art facilities and implemented vertical integration for and on behalf of license owners. MJardin is based in Denver, Colorado and Toronto, Canada. For more information, please visit www.mjardin.com

The CSE has not in any way passed upon the merits of and has neither approved nor disapproved the contents of this news release.
This news release does not constitute an offer to sell or a solicitation of an offer to sell any of the securities in the United States. The securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States or to U.S. Persons unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available.

Forward-Looking Information
This news release contains forward-looking information based on current expectations. Statements about, among other things, future developments and the business and operations of MJardin, our production capacity, our production results, trading of MJardin's shares on the OTCQX Best Market, the closing of the Transaction, the receipt of any pending regulatory approvals or licenses, the growth of our global footprint and our intentions to leverage our scale for continued organic growth and to pursue strategic investments are all forward-looking information. These statements should not be read as guarantees of future performance or results. Such statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from those implied by such statements. Such factors include, but are not limited to: our ability to identify and pursue growth, financing and other strategic objectives, and the regulatory and economic environments in the jurisdictions we operate or intend to operate or invest in. Although such statements are based on management's reasonable assumptions at the date such statements are made, there can be no assurance that the proposed acquisition will occur and that such forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on the forward-looking information. MJardin

assumes no responsibility to update or revise forward-looking information to reflect new events or circumstances unless required by applicable law.

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