JUSHI HOLDINGS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2021 and 2020

(Unaudited, expressed in United States Dollars, unless otherwise noted)

JUSHI HOLDINGS INC.
CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2021

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Notice of No Auditor Review of Condensed Interim Financial Statements

In accordance with National Instrument 51-102 *Continuous Disclosure Obligations* released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these condensed unaudited interim consolidated financial statements, notes to these condensed unaudited interim consolidated financial statements and the related quarterly Management Discussion and Analysis.

JUSHI HOLDINGS INC.

CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of U.S. dollars)

	Note	March 31, 2021	December 31, 2020
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		$ 162,085	$ 85,857
Accounts receivable		893	859
Investments in securities	3	5,832	7,934
Inventory	4	18,414	12,966
Biological assets	4	5,548	3,962
Prepaid expenses and other current assets	5	4,180	4,691
Total current assets		$ 196,952	$ 116,269
NON-CURRENT ASSETS:			
Property, plant and equipment	7	$ 86,236	$ 72,471
Other intangible assets	9	136,337	132,028
Goodwill	9	31,055	31,055
Other long-term assets	10	7,691	7,456
Total long-term assets		$ 261,319	$ 243,010
Total assets		$ 458,271	$ 359,279
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Accounts payable, accrued expenses and other current liabilities	11	$ 42,051	$ 30,700
Short-term promissory notes payable	12	1,339	1,338
Short-term lease obligations	13	6,250	4,716
Total current liabilities		$ 49,640	$ 36,754
LONG-TERM LIABILITIES:			
Long-term promissory notes payable	12	$ 3,149	$ 3,081
Senior notes	14	48,974	50,566
Derivative liabilities	14	211,440	205,361
Long-term lease obligations	13	37,844	34,494
Deferred tax liabilities	21	23,759	23,798
Other debt	15	4,642	3,475
Total liabilities		$ 379,448	$ 357,529
COMMITMENTS AND CONTINGENCIES	23		
EQUITY:			
Share capital and share reserves	16, 17	$ 370,095	$ 263,914
Accumulated deficit	22	(292,579)	(264,091)
Total Jushi shareholders' equity		$ 77,516	$ (177)
Non-controlling interests	22	1,307	1,927
Total equity		$ 78,823	$ 1,750
Total liabilities and equity		$ 458,271	$ 359,279

The accompanying notes are an integral part of these consolidated financial statements.

JUSHI HOLDINGS INC.

CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(in thousands of U.S. dollars, except share and per share amounts)

		Three Months Ended March 31,	
	Note	2021	2020
REVENUE, NET	18	$ 41,675	$ 8,633
COST OF GOODS SOLD	4, 20	(22,934)	(4,547)
GROSS PROFIT BEFORE FAIR VALUE CHANGES		$ 18,741	$ 4,086
Realized fair value changes included in inventory sold		(4,783)	(127)
Unrealized fair value changes included in biological assets	4	6,135	200
GROSS PROFIT		$ 20,093	$ 4,159
OPERATING EXPENSES:			
General, administrative and selling expenses	20	$ 17,394	$ 9,849
Share-based compensation expense	16, 17	3,563	1,319
Acquisition and deal costs	8	238	485
Total operating expenses		$ 21,195	$ 11,653
LOSS FROM OPERATIONS BEFORE OTHER (EXPENSE) INCOME		$ (1,102)	$ (7,494)
OTHER (EXPENSE) INCOME:			
Interest income		$ 97	$ 77
Fair value changes in derivatives	14	(9,358)	2,587
Interest expense and finance charges	6, 12, 13, 14, 15	(6,653)	(2,952)
Net gains on business combinations	8	—	2,202
Gains (losses) on investments and financial assets	3	1,173	(8,210)
(Losses) gains on debt and warrant modifications	14	(3,815)	32
Other expense	7, 9, 14	(710)	(792)
Total other expense, net		$ (19,266)	$ (7,056)
NET LOSS AND COMPREHENSIVE LOSS BEFORE TAX		$ (20,368)	$ (14,550)
Current income tax expense	21	(6,473)	(1,722)
Deferred income tax (expense) benefit	21	40	374
NET LOSS AND COMPREHENSIVE LOSS		$ (26,801)	$ (15,898)
Net loss attributable to non-controlling interests	22	(175)	(281)
NET LOSS AND COMPREHENSIVE LOSS ATTRIBUTABLE TO JUSHI SHAREHOLDERS		$ (26,626)	$ (15,617)
NET LOSS AND COMPREHENSIVE LOSS PER SHARE ATTRIBUTABLE TO JUSHI SHAREHOLDERS - BASIC AND DILUTED	19	$ (0.18)	$ (0.17)
Weighted average shares outstanding - basic and diluted	19	149,933,639	93,317,981

The accompanying notes are an integral part of these consolidated financial statements.

JUSHI HOLDINGS INC.

CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands of U.S. dollars, except share amounts)

	Number of Shares				Share Reserves							
	Super Voting Shares	Multiple Voting Shares	Subordinate Voting Shares	Share Capital	Stock Options	Warrants	Restricted Shares	Other	Accumulated Deficit	Total Jushi Shareholders' Equity	Non-Controlling Interests	Total Equity
Balances - December 31, 2020	149,000	4,000,000	132,396,064	$ 244,623	$ 3,649	$ 10,404	$ 4,234	$ 1,004	$ (264,091)	$ (177)	$ 1,927	$ 1,750
Public offerings	—	—	13,685,000	$ 85,660	$ —	$ —	$ —	$ —	$ —	$ 85,660	$ —	$ 85,660
Purchases of non-controlling interests	—	—	500,000	$ 3,425	$ —	$ —	$ —	$ —	$ (1,863)	$ 1,562	$ (1,562)	$ —
Acquisition of Grover Beach	—	—	49,348	$ 368	$ —	$ —	$ —	$ —	$ —	$ 368	$ 1,117	$ 1,485
Restricted stock expense and vesting	—	—	—	$ 778	$ —	$ —	$ 1,560	$ —	$ —	$ 2,338	$ —	$ 2,338
Warrant expense, net of cancellations	—	—	—	$ —	$ —	$ 497	$ —	$ —	$ —	$ 497	$ —	$ 497
Stock option expense, net of forfeitures	—	—	—	$ —	$ 728	$ —	$ —	$ —	$ —	$ 728	$ —	$ 728
Shares issued upon exercise of warrants	—	—	3,898,180	$ 13,707	$ —	$ (572)	$ —	$ —	$ —	$ 13,135	$ —	$ 13,135
Shares issued upon exercise of stock options	—	—	15,000	$ 36	$ (6)	$ —	$ —	$ —	$ —	$ 30	$ —	$ 30
Net loss	—	—	—	$ —	$ —	$ —	$ —	$ —	$ (26,626)	$ (26,626)	$ (175)	$ (26,801)
Balances - March 31, 2021	149,000	4,000,000	150,543,592	$ 348,597	$ 4,371	$ 10,329	$ 5,794	$ 1,004	$ (292,580)	$ 77,515	$ 1,307	$ 78,822
Balances - December 31, 2019	149,000	4,000,000	91,842,638	$ 147,608	$ 1,927	$ 12,394	$ 1,103	$ —	$ (48,667)	$ 114,365	$ 9,660	$ 124,025
TGS Transaction	—	—	(4,800,000)	(7,008)	—	(117)	—	—	—	(7,125)	4,661	(2,464)
Purchase of non-controlling interests	—	—	633,433	811	—	—	—	—	—	811	(4,661)	(3,850)
Non-controlling interests - Jushi Europe	—	—	—	—	—	—	—	—	—	—	2,000	2,000
Restricted stock grants and vesting, net of forfeitures	—	—	315,777	100	—	—	548	—	—	648	—	648
Warrant expense, net of cancellations	—	—	—	—	—	167	—	—	—	167	—	167
Stock option expense, net of forfeitures	—	—	—	—	557	—	—	—	—	557	—	557
Net loss	—	—	—	—	—	—	—	—	(15,617)	(15,617)	(281)	(15,898)
Balances - March 31, 2020	149,000	4,000,000	87,991,848	$ 141,511	$ 2,484	$ 12,444	$ 1,651	$ —	$ (64,284)	$ 93,806	$ 11,379	$ 105,185

The accompanying notes are an integral part of these consolidated financial statements

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

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (26,801)	$ (15,898)
Adjustments to reconcile net loss to net cash used in operating activities:		—
Depreciation and amortization, including amounts in costs of goods sold	1,769	1,050
Share-based payments	3,563	1,319
Fair value changes in derivatives	9,358	(2,587)
Net gain on business combination	—	(2,202)
(Gains) losses on investments and financial assets	(1,173)	8,210
Losses (gains) on debt and warrant modifications	3,815	(32)
Non-cash interest expense	4,558	1,408
Deferred income taxes	(40)	(374)
Fair value changes on sale of inventory and on biological assets	(1,352)	(73)
Non-cash other expense (income), net	(13)	792
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	$ (16)	$ 168
Prepaid expenses and other current assets	511	679
Inventory and biological assets	(5,680)	(377)
Other long-term assets	(115)	(375)
Accounts payable, accrued expenses and other current liabilities	12,077	613
Net cash flows provided by (used in) operating activities	$ 461	$ (7,679)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for acquisitions and non-controlling interests, net of cash acquired	$ (3,592)	$ (4,528)
Purchases of property, plant and equipment	(8,623)	(956)
Payments for deposits and escrows - property and equipment	(76)	—
Sales and redemptions of investments in securities	3,252	—
Payments for investments	—	(7,967)
Proceeds from (investment in) financial asset	—	5,193
Net cash flows used in investing activities	$ (9,039)	$ (8,258)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of shares for cash, net	$ 85,660	$ —
Proceeds from exercise of warrants and options	9,886	—
(Payments for) proceeds from senior notes	(10,109)	18,726
Principal and interest payments on promissory notes	(115)	(7,625)
Payments on lease obligations	(1,609)	(380)
Proceeds from other debt, net of repayments	1,133	—
Contributions from non-controlling interests, net	—	2,000
Net cash flows provided by financing activities	$ 84,846	$ 12,721
Effect of currency translation on cash	(40)	(2)
NET CHANGE IN CASH AND CASH EQUIVALENTS	$ 76,228	$ (3,218)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	85,857	38,936
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 162,085	$ 35,718
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for income taxes	$ 685	$ 338
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Accrued capital expenditures	$ 3,531	$ 2,685
Fair value of note obligations and warrant liabilities from acquisitions, including non-controlling interests	$ —	$ 15,689

The accompanying notes are an integral part of these consolidated financial statements

NOTES TO THE CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

Jushi Holdings Inc. (the "Company" or "Jushi") is incorporated under the British Columbia's Business Corporations Act ("BCBCA"). The Company is an acquisitive vertically integrated, multi-state cannabis hemp operator engaged in retail, distribution, cultivation, and/or processing operations in both medical and adult-use markets. As of March 31, 2021, Jushi, through its subsidiaries, owns or manages cannabis operations and/or holds licenses in the adult-use and/or medicinal cannabis marketplace in Illinois, Pennsylvania, Virginia, Nevada, California and Ohio, as well as Europe.

The Company is listed on the Canadian Securities Exchange (the "CSE") and trades its subordinated voting shares ("SVS") under the ticker symbol "JUSH". The Company's SVS are also traded on the OTCQB under the symbol JUSHF.

The Company's head office is located in Boca Raton, Florida, and its registered address is Suite 1700, Park Place, 666 Burrard Street, Vancouver, British Columbia V6C 2X8.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

These condensed unaudited interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC") in effect for the three months ended March 31, 2021.

These condensed unaudited interim consolidated financial statements for the three months ended March 31, 2021, have been prepared in accordance with International Accounting Standards ("IAS") 34 *Interim Financial Reporting*. These unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2020, which were filed on June 7, 2021 on SEDAR. These condensed unaudited interim consolidated financial statements were approved by the Board of Directors on June 6, 2021.

Basis of Measurement

These condensed unaudited interim consolidated financial statements have been prepared in thousands of United States ("U.S.") dollars on the going concern basis, under the historical cost convention, except for biological assets and certain financial instruments, which are measured at fair value.

Functional Currency

The Company and its affiliates' functional currency, as determined by management, is the U.S. dollar. These condensed unaudited interim consolidated financial statements are presented in U.S. dollars unless otherwise noted. Transactions in foreign currencies are recorded at a rate of exchange approximating the prevailing rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into the functional currency at the foreign exchange rate in effect at that date. Realized and unrealized exchange gains and losses are recognized through profit and loss.

Reclassifications

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

Where necessary, certain prior period data has been reclassified to conform to the current period presentation. These reclassifications did not have an effect on total assets, total liabilities, equity, net loss, net loss per share or cash flows for the periods presented. Operating expense for salaries, wages and employee related expenses and the operating expense for depreciation and amortization were separately disclosed within the condensed unaudited interim consolidated statements of operations and comprehensive loss in prior periods but have been included within general, administrative and selling expenses in the current presentation. Refer to Note 20 - Nature of Expenses for the amounts which are included in general, administrative and selling expenses. It was recently determined that the Company has two operating segments, and as a result, prior period comparative disclosures have been included for comparison. Refer to Note 18 - Segments.

Basis of Consolidation

These condensed unaudited interim consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries and entities over which the Company has control from the date control commences until the date control ceases. All intercompany balances and transactions are eliminated in consolidation.

The following are the Company's subsidiaries that are included in these condensed unaudited interim consolidated financial statements as of March 31, 2021:

NAME [1]	State or Country of Incorporation	Ownership Percentage as of March 31, 2021	Ownership Percentage as of December 31, 2020
Jushi Inc	Delaware	100%	100%
Bear Flag Assets, LLC *and its wholly owned Subsidiary GSG SBCA, Inc*	California	100%	100%
Beyond Hello IL Holdings, LLC *(formerly known as TGS Illinois Holdings, LLC) and its wholly owned subsidiary Beyond Hello IL, LLC*	Illinois	100%	100%
Jushi IP, LLC	Delaware	100%	100%
JREH, LLC *and its wholly owned Subsidiaries*	Delaware	100%	100%
Sound Wellness Holdings, Inc. *and its wholly owned Subsidiaries*	Delaware	100%	100%
Mend Products, LLC	Delaware	100%	100%
JMGT, LLC	Florida	100%	100%
Mojave Suncup Holdings, LLC *and its wholly owned subsidiary,* Production Excellence, LLC	Nevada	100%	100%
Jushi Ampal NJ, LLC [2]	New Jersey	75%	75%
Jushi OH, LLC	Ohio	100%	100%
Franklin Bioscience - Penn LLC *and its wholly owned subsidiaries*	Pennsylvania	100%	100%
Jushi VA, LLC *and its wholly owned subsidiary Dalitso, LLC*	Virginia	100%	100%
Jushi Europe SA [2]	Switzerland	51%	51%
Agape Total Health Care Inc. [2]	Pennsylvania	100%	80%
PASPV Holdings, LLC *and its wholly owned subsidiary,* Pennsylvania Medical Solutions LLC	Pennsylvania	100%	100%
Northeast Venture Holdings, LLC *and its wholly owned subsidiary,* Pennsylvania Dispensary Solutions, LLC	Pennsylvania	100%	100%

(1) Certain subsidiaries have been omitted since, in the aggregate, they do not represent a significant subsidiary.
(2) Refer to Note 22 - Non-Controlling Interests.

Critical Accounting Policies and Significant Judgments, Estimates and Assumptions

The preparation of the Company's condensed unaudited interim consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from those estimates. Critical accounting policies, judgements, areas involving estimates, and assumptions within these condensed unaudited interim condensed consolidated financial statements, unless stated herein, remain the same as those applied to the annual consolidated financial statements for the year ended December 31, 2020.

COVID-19

The novel coronavirus ("COVID-19") was declared a pandemic by the World Health Organization on March 12, 2020, and continues to cause significant economic uncertainty. Consequently, it is difficult to reliably measure the potential impact of this uncertainty on our future financial results. During the three months ended March 31, 2021, the Company did not experience any material impact to its business as a result of COVID-19. In addition, it is possible that estimates in the Company's financial statements could change as a result of COVID-19 and the effect of any such changes could be material, which could result in, among other things, impairment of long-lived assets including intangibles and goodwill.

Recent Accounting Pronouncements

Amendments to IAS 1 *Presentation of Financial Statements* ("IAS 1") - *Classification of Liabilities as Current or Non-Current:* In January 2020, IASB issued amendments to IAS 1 to clarify its requirements for the presentation of liabilities in the statement of financial position. IAS 1 requires an entity to classify a liability as current if the entity does not have a right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective retrospectively for annual reporting periods beginning on or after January 1, 2023. The Company expects that adoption of this amendment may result in the re-classification of derivative warrants liabilities from long-term liabilities to short-term liabilities in the consolidated statements of financial position.

In May 2020, the IASB issued *Annual Improvements to IFRS Standards 2018–2020*. The pronouncement contains amendments to several IFRSs as result of the IASB's annual improvements project, including IFRS 9 *Financial Instruments* and IFRS 16 *Leases.* The Company is currently evaluating the potential impact of these amendments on the Company's consolidated financial statements.

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

3. INVESTMENTS IN SECURITIES

The details of investments in securities and short-term note receivable are as follows:

	Investments in Mutual Funds	Organigram Shares	Cresco Shares and Warrants	Cresco Notes and Accrued Interest	Total
Balance as of December 31, 2019	$ 1,272	$ —	$ 10,995	$ 5,646	$ 17,913
Cash invested	10,000	—	—	—	10,000
Redemption of invested funds	(2,033)	—	—	—	(2,033)
Value of shares received/granted	—	1,092	387	(387)	1,092
Cash received	—	—	—	(5,193)	(5,193)
Fair value losses, net of investment income	(1,180)	(260)	(6,704)	(66)	(8,210)
Balance as of March 31, 2020	$ 8,059	$ 832	$ 4,678	$ —	$ 13,569
Balance as of December 31, 2020	$ 5,783	$ —	$ 2,151	$ —	$ 7,934
Cash received for shares sold	—	—	(3,251)	—	(3,251)
Change in fair value (1)	49	—	1,100	—	1,149
Balance as of March 31, 2021	$ 5,832	$ —	$ —	$ —	$ 5,832
Level within the Fair Value Hierarchy (Note 25)	Level 1	Level 1	Level 1 & Level 2	Level 3	

(1) The net fair value gains in the table above, together with the fair value gain of $24 related to the contingent consideration receivable discussed in *GSC and Cresco* below, are included in (losses) gains on investments and financial assets in the condensed unaudited interim consolidated statements of operations and comprehensive loss.

Investments in Mutual Funds

As of March 31, 2021, the Company owns approximately 606,210 shares in mutual funds with a fair value of $9.62 each.

Cresco Shares, Warrants and Contingent Consideration Receivable

As of December 31, 2020, the Company owned approximately 24,600 Cresco Labs Inc. (“Cresco”) subordinate voting shares with a fair value of $9.87 each, for a total of $243. In addition, as of December 31, 2020, the Company owned 1,657 warrants for proportionate voting shares of Cresco with a strike price of $4.24, which were convertible and exercisable into 331,400 Cresco subordinate voting shares, which were valued at $1,908. During the three months ended March 31, 2021, the Company net exercised the warrants and received 207,599 Cresco subordinate voting shares. The Company subsequently sold all its outstanding Cresco shares during the three months ended March 31, 2021.

The Company is eligible to receive certain contingency payouts from the 2019 sale of its minority interest in Gloucester Street Capital, LLC (“GSC”), which are tied to both the performance of the GSC operations as well as the development of the New York market. The Company has recognized a contingent consideration receivable related to the contingent payouts of $889, which is recorded in other long-term assets in the statements of consolidated financial position. Refer to Note 10 - Other Long-Term Assets. During the three months ended March 31, 2021, the Company recorded a gain of $24 related to this contingent consideration receivable, which is included in gains (losses) on investments and financial assets in the condensed unaudited interim consolidated statements of operations and comprehensive loss.

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

The contingent consideration receivable was valued using the present value of expected future cash flows within 3.5 years. The following table quantifies the ranges of the significant unobservable inputs, and also provides the effect of a 10% increase/decrease in the discount rate used to calculate the fair value of the contingent consideration receivable:

	March 31, 2021	Effect of 10% Increase as of March 31, 2021	Effect of 10% Decrease as of March 31, 2021
Discount rate	19.2%	$(260)	$295

Other Equity Investment

Refer to Note 10 - Other Long-Term Assets for a long-term equity investment.

4. INVENTORY AND BIOLOGICAL ASSETS

Inventory

Inventory includes the following:

	March 31, 2021	December 31, 2020
Finished goods	$ 16,343	$ 12,083
Work in progress and raw materials	2,126	1,020
Less: Inventory reserve	(55)	(136)
Total inventory	$ 18,414	$ 12,966

Refer to Note 20 - Nature of Expenses for inventory expensed included in cost of goods sold and provisions for inventory losses.

Biological Assets

The continuity of biological assets is as follows:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Balance as of beginning of period	$ 3,962	$ 271
Purchased as part of a business acquisition	—	—
Cost incurred until harvest	2,123	316
Effect of unrealized change in fair value of biological assets	6,135	200
Transferred to inventory upon harvest	(6,672)	(519)
Balance as of end of period	$ 5,548	$ 268

The Company measures its biological assets at their fair value less costs to sell. This is determined using a model which estimates the expected harvest yield in grams for plants currently being cultivated, and then multiplies that amount by the expected selling price per gram. The Company's model incorporates the following unobservable inputs, all of which are classified as Level 3 on the fair value hierarchy, and which were used by management as part of the biological asset models:

- Yield per plant – number of grams of dry cannabis expected to be harvested.

- Selling price – using spot price reports and where applicable, wholesale contract prices
- Stage of growth – represents the weighted average number of weeks out of the total growing cycle that biological assets have reached as of the measurement date. The Company has an average 17-week growing cycle.
- Wastage – percentage expected to fail to mature into cannabis plants that can be harvested.
- Post-harvest costs – cost per gram of post harvested cannabis to bring the cannabis to a saleable product, consisting of the cost of direct and indirect materials, labor related to labelling and packaging, and selling costs.

The following table quantifies the ranges of the significant unobservable inputs, and also provides the effect of a 10% increase/decrease to each input on the calculation of the fair value of biological assets:

	March 31, 2021	Effect of 10% Change as of March 31, 2021 (in $000s)		March 31, 2020	Effect of 10% Change as of March 31, 2020 (in $000s)	
Selling price	$3.23 to $5.98	$	890	$2.58	$	71
Stage of growth	8.3 to 14.8 weeks	$	403	9 weeks	$	22
Yield by plant	117 to 144 grams	$	603	83 grams	$	23
Wastage	0.0% to 9.9%	$	33	10%	$	25
Post-harvest costs	$0.34 to $1.05	$	129	$0.35	$	8

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets include the following:

	March 31, 2021		December 31, 2020	
Prepaid deposits and escrows	$	784	$	759
Prepaid insurance		1,079		971
Prepaid license fees		391		453
Prepaid inventory		257		816
Other prepaid expenses		406		319
Landlord receivable		701		806
Other current assets		562		567
Total prepaid expenses and other current assets	$	4,180	$	4,691

7. PROPERTY, PLANT AND EQUIPMENT

The continuity and details of property, plant and equipment and accumulated depreciation are as follows:

	Buildings and Building Components		Land		Leasehold Improvements		Machinery and Equipment		Computer Equipment		Furniture and Fixtures		ROU Assets [(1)]		Construction in Process [(2)]		Total	
Cost																		
Balance as of December 31, 2020	$	6,679	$	1,994	$	21,187	$	1,218	$	770	$	3,405	$	36,763	$	4,350	$	76,366
Additions from capital expenditures and leases	$	1,872	$	1,002	$	624	$	575	$	98	$	786	$	1,730	$	5,063	$	11,750
Additions from acquisitions	$	—	$	—	$	—	$	—	$	—	$	—	$	2,050	$	269	$	2,319
Lease modifications	$	—	$	—	$	—	$	—	$	—	$	—	$	1,046	$	—	$	1,046
Reclassification	$	—	$	—	$	782	$	101	$	76	$	149	$	—	$	(1,150)	$	(42)

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

Balance as of March 31, 2021	$ 8,551	$ 2,996	$ 22,593	$ 1,894	$ 944	$ 4,340	$ 41,589	$ 8,532	$ 91,439
Accumulated Depreciation									
Balance as of December 31, 2020	$ (441)	$ —	$ (734)	$ (222)	$ (200)	$ (461)	$ (1,837)	$ —	$ (3,895)
Depreciation	(106)	—	(371)	(73)	(75)	(168)	(515)	—	(1,308)
Balance as of March 31, 2021	$ (547)	$ —	$ (1,105)	$ (295)	$ (275)	$ (629)	$ (2,352)	$ —	$ (5,203)
Carrying amount									
Balance as of December 31, 2020	$ 6,238	$ 1,994	$ 20,453	$ 996	$ 570	$ 2,944	$ 34,926	$ 4,350	$ 72,471
Balance as of March 31, 2021	$ 8,004	$ 2,996	$ 21,488	$ 1,599	$ 669	$ 3,711	$ 39,237	$ 8,532	$ 86,236

(1) Substantially all of the Company's ROU assets pertain to building leases. Refer to Note 13 - Lease Obligations, for further details on lease obligations.
(2) Construction in Process represents assets under construction for manufacturing and retail build-outs not yet completed or otherwise not ready for use.

Total depreciation for the three months ended March 31, 2021 and 2020 totaled $1,308 and $547 respectively. Of the total depreciation, no amounts remained capitalized in inventory and biological assets as of both March 31, 2021 and 2020. Refer to Note 20 - Nature of Expenses for depreciation amounts included in cost of goods sold and operating expenses.

8. ACQUISITIONS

2021 Asset Acquisition

On March 4, 2021, the Company closed on the acquisition of approximately 78% of the equity of a retail license holder located in Grover Beach, California ("Grover Beach") for $3,592 in cash and 49,348 SVS at US$7.46 per share, with the rights to acquire the remaining equity in the future. The city of Grover Beach is a limited license jurisdiction where a maximum of four retail licenses are permitted. Upon completion of the buildout of the new BEYOND/HELLO™, which is expected in the third quarter of 2021, this location will be the fourth and final retail dispensary permitted in Grover Beach.

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

The following table summarizes the purchase price allocation, the fair values of the assets and liabilities acquired, and the total fair values of the consideration for the Grover Beach acquisition as of the date of acquisition:

Property, plant and equipment	$	269
Right-of-use assets		2,050
Intangible assets - license (1)		4,771
Deposits		20
Total assets	$	7,109
Lease liabilities		(2,032)
Total liabilities	$	(2,032)
Net assets acquired	$	5,077
Non-controlling interest		(1,117)
Total net assets acquired net of non-controlling interest	$	3,961
Consideration paid in cash, as adjusted for working capital adjustments	$	3,592
Consideration paid in shares		368
Fair value of consideration	$	3,961

(1) The license acquired has an indefinite useful life.

The Company determined that Grover Beach acquisition did not qualify as a business combinations under IFRS 3 *Business Combinations* ("IFRS 3") because the assets acquired did not constitute a business, as evident from the concentration test which concluded that substantially all of the fair value of the acquisition is concentrated in a single identifiable asset – the license. The non-controlling interest was measured at the proportionate share method. Refer to Note 22 - Non-Controlling Interests.

9. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

Goodwill, which represents the excess for the price paid for the acquisition of an entity over the fair value of the net identifiable tangible and intangible assets and liabilities acquired, was $31,055 as of both March 31, 2021, and December 31, 2020. There were no adjustments to goodwill during the three months ended March 31, 2021.

Other Intangible Assets

During the three months ended March 31, 2021, the Company recorded additions to intangible assets of approximately $4,771, related to licenses acquired as part of the Grover Beach acquisition. Refer to Note 8 - Acquisitions.

The Company recorded amortization expense of approximately $462 and $503 for the three months ended March 31, 2021 and 2020, respectively. These amounts are recorded within depreciation and amortization expense in the condensed unaudited interim consolidated statements of operations and comprehensive loss.

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

10. OTHER LONG-TERM ASSETS

Details of other long term assets are as follows:

	Note	March 31, 2021	December 31, 2020
Contingent consideration receivable	3	889	865
Equity investment		1,500	1,500
Employee receivable and accrued interest	24	$ 2,501	$ 2,470
Deposits - equipment		740	768
Deposits and escrows - properties		1,069	1,630
Other long-term deposits		865	200
Long-term portion of prepaids		$ 127	$ 23
		$ 7,691	$ 7,456

Equity Investment

The Company acquired a 23.08% ownership interest in PV Culver City, LLC ("PVLLC") in November 2020. The Company does not have significant influence over, and the Company does not have the right to vote or participate in the management of the PVLLC and therefore the investment is measured at its fair value. The Company estimates the initial cost of its investment in PVLLC to approximate the fair value as PVLLC is a privately held entity with limited information available.

11. ACCOUNTS PAYABLE, ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Details of accounts payable and accrued liabilities are as follows:

	Note	March 31, 2021	December 31, 2020
Accounts payable		$ 6,405	$ 3,712
Accrued taxes and sales taxes payable	21	23,279	17,084
Accrued capital expenditures		3,531	2,177
Accrued employee related expenses and liabilities		2,356	2,303
Goods received not invoiced		2,893	2,625
Accrued professional and management fees		1,173	638
Accrued interest - promissory notes payable	12	40	41
Accrued interest - other debt	15	22	4
Financing obligation - short-term portion	15	255	261
Deferred revenue (loyalty program)		1,219	935
Other accrued expenses and current liabilities		877	921
Total		$ 42,050	$ 30,701

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

12. PROMISSORY NOTES PAYABLE

Details of acquisition-related promissory notes payable are as follows:

	March 31, 2021	December 31, 2020
Short-term notes payable - principal amount	$ 1,620	$ 1,620
Long-term notes payable - principal amount	3,798	3,798
Total notes payable - principal amount	$ 5,418	$ 5,418
Less: deferred finance charges	(2)	(3)
Less: original issue discount	(928)	(996)
Total notes payable - carrying amount	$ 4,488	$ 4,419
Short-term notes payable - carrying amount	$ 1,339	$ 1,338
Long-term notes payable - carrying amount	$ 3,149	$ 3,081

The continuity of the carrying amount of the promissory notes payable is as follows:

	PAMS	FBS Nevada	Dalitso	Total
Carrying amount as of December 31, 2020	$ 2,765	$ 1,498	$ 156	$ 4,419
Amortization of deferred issuance costs and OID	67	1	1	69
Carrying amount as of March 31, 2021	$ 2,832	$ 1,499	$ 157	$ 4,488

Interest expense, excluding amortization of deferred finance charges and discount, related to promissory notes was $114 and $564 for the three months ended March 31, 2021 and 2020, respectively. The accrued interest payable is included in accounts payable, accrued expenses and other current liabilities in the consolidated statements of financial position. Refer to Note 11 - Accounts Payable, Accrued Expenses and Other Current Liabilities.

Promissory Notes – PAMS

In August 2020, in connection with the PAMS acquisition, the Company issued an $3,750 8% unsecured promissory note to the seller. The promissory note matures on August 11, 2024 and interest is payable quarterly. The fair value of the promissory note was determined to be $2,658, resulting in a fair value discount on issuance of $1,092, which is being amortized using the effective interest rate over the life of the promissory note.

Secured Promissory Notes – FBS Nevada

In July 2019, in connection with the FBS Nevada management services and purchase agreements and the related acquisition of the associated real estate, the Company issued $2,250 in promissory notes and $375 in other secured notes as part of the consideration. The notes bear interest at 10% per annum. According to the original terms of the $2,250 in promissory notes, 50% or $1,125 was paid on the one-year anniversary of issuance in July 2020 and the remaining amount will mature on the second-year anniversary. The $375 note will mature in July 2021 and is secured by the real estate. In connection with these notes, Production Excellence, LLC granted a security interest in all of its assets and JREHNV, LLC (a wholly owned subsidiary of JREH, LLC) granted a second lien priority security interest on certain real property. Refer to Note 26 - Subsequent Events.

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

Promissory Notes – Dalitso

In September 2019, in connection with the Dalitso acquisition, the Company issued 6% promissory notes to the sellers with a maturity of September 23, 2021, of which $120 is outstanding and convertible at the option of the holder on or prior to the maturity date into Subordinate Voting Shares at a conversion price of $6.00 per share. In connection with the purchases of the non-controlling interests in Dalitso during the fourth quarter of 2021, the Company issued a new convertible promissory note to the sellers of the non-controlling interests, of which $37 is classified as debt. The remainder is classified as equity in the consolidated statements of financial position.

13. LEASE OBLIGATIONS

The Company leases certain business facilities for corporate, retail and cultivation purposes in Florida, Pennsylvania, Ohio, California, New York, Virginia, Illinois and Colorado from third parties under lease agreements that specify minimum rentals. In addition, the Company leases certain equipment for use in cultivation and extraction. The expiry dates of the leases, including reasonably certain estimated renewal periods, are between 2021 and 2050 and contain certain renewal provisions.

The continuity and details of lease liabilities are as follows:

	March 31, 2021	December 31, 2020
IFRS 16 lease liabilities as of beginning of period	$ 39,210	$ 6,498
Lease additions	1,730	15,636
Lease additions from acquisitions	2,032	18,895
Lease payments	(1,609)	(3,168)
Interest expense on lease liabilities	1,651	3,321
Lease reassessment	1,080	(1,933)
Lease termination	—	(39)
IFRS 16 lease liabilities as of end of period	$ 44,094	$ 39,210
Short-term lease obligations	$ 6,250	$ 4,716
Long-term lease obligations	$ 37,844	$ 34,494

As of March 31, 2021 estimated future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than 1 year are as follows:

Less than one year	$ 7,314
One to five years	27,333
Greater than five years	152,797
Total undiscounted lease obligations	$ 187,444
Interest	(143,350)
Lease obligations as of March 31, 2021	$ 44,094

The estimated future minimum lease payments under non-cancelable leases above do not include payments that are not yet reasonably certain because of potential changes in state cannabis regulations. The increases in estimated future minimum lease payments as a result of changes in state cannabis regulations could be significant.

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

As of March 31, 2021, estimated future minimum lease payments under non-cancelable operating leases having an initial term of one year or less were $88 and are not capitalized in the consolidated statement of financial position. The Company's rent expense related to low-value and short-term leases is included in general and administrative expenses and was $88 and $24 for the three months ended March 31, 2021 and 2020, respectively.

Some property leases may contain variable payment terms that are linked to sales generated from a store or cannabis regulation changes. Variable payment terms may be used for a variety of reasons, including minimizing the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs. All extension options that are reasonably certain to be exercised have been included in the measurement of lease obligations. The Company reassesses the likelihood of extension option exercise if there is a significant event or change in circumstances within its control.

14. SENIOR NOTES AND DERIVATIVE LIABILITIES

Details of the carrying amounts of the Company's 10% senior notes due January 15, 2023 ("Senior Notes"), the related liability for the warrants to purchase Subordinate Voting Shares of the Company ("Derivative Warrants") and the related prepayment option liability are as follows:

	March 31, 2021	December 31, 2020
Senior Notes - public [1]	$ 68,218	$ 76,352
Senior Notes - private	6,975	6,975
Total Senior Notes - principal amount	$ 75,193	$ 83,327
Less:		
Amounts to accrete (from original issue discount and bifurcation of warrants)	(26,082)	(32,585)
Deferred transaction costs, net	(137)	(176)
Total Senior Notes, carrying amount	$ 48,974	$ 50,566
Derivative Warrants liability	$ 211,290	$ 204,611
Prepayment Option liability	$ 150	$ 750
Total derivative liabilities, carrying amount	$ 211,440	$ 205,361

[1] The public notes are listed under the symbol "JUSH.DB.U" and were deemed to be tradable at approximately the principal amount as of March 31, 2021.

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

The continuities of the 10% Senior Notes, related warrants liability and accrued interest on the Senior Notes are as follows:

	Senior Notes	Derivative Warrants Liability [4]	Accrued Interest	Income (Expense)
Carrying amount as of December 31, 2020	$ 50,566	$ 204,611	$ —	$ —
Debt redemption - principal amount	(8,134)	—	—	—
Debt redemption - loss on extinguishment [1]	3,815	—	—	(3,815)
Accretion and amortization expense [2]	2,727	—	—	(2,727)
Coupon interest expense [2]	—	—	1,974	(1,974)
Interest paid in cash	—	—	(1,974)	—
Fair value adjustment for derivative warrant liability [3]	—	9,957	—	(9,957)
Derivative warrant exercises	—	(3,278)	—	—
Carrying amount as of March 31, 2021	$ 48,974	$ 211,290	$ —	$ (18,473)

(1) Included within net loss on debt and warrant modifications in the condensed unaudited interim consolidated statements of operations and comprehensive loss.

(2) Included within interest expense and finance charges in the condensed unaudited interim consolidated statements of operations and comprehensive loss.

(3) The fair value adjustment for the derivative warrant liability above is reflected together with the fair value gain of $599 for the mandatory prepayment option (refer to *Senior Notes - Optional and Mandatory Redemptions* below) within fair value changes in derivatives in the condensed unaudited interim consolidated statements of operations and comprehensive loss.

(4) Refer to Note 16 - Equity for the continuity of the number of derivative warrants.

10% Senior Notes

The Senior Notes bear interest at 10.0% per annum, payable in cash quarterly on March 31, June 30, September 30 and March 31 of each year to, but excluding, the maturity date of the Notes, which is January 15, 2023.

Pursuant to the terms of the 10% Senior Notes, in connection with the January 2021 and February 2021 equity offerings, in January 2021, the Company redeemed $4,900 of principal amount and in March 2021 the Company redeemed $3,234 principal amount outstanding. The difference between the carrying amounts of the senior notes and the principal amount extinguished was $3,815 and is reflected in net loss on debt and warrant modification in the condensed unaudited interim consolidated statements of operations and comprehensive loss.

Senior Notes - Mandatory and Optional Redemptions

Mandatory Redemptions and Prepayment Option Liability

Following the twelve month anniversary of the issue date for private debt holders, and for all public debt holders, the Company is required to offer to redeem the Senior Notes using 33% of the net proceeds from any equity offerings by the Company or any of its subsidiaries (including the Guarantors), at a purchase price equal to par plus accrued but unpaid interest (no premiums). The note holder has the option to waive their right to redemption.

The mandatory prepayment option ("Prepayment Option") represents an embedded derivative which must be bifurcated and recorded at fair value (FVTPL) at each reporting period. The estimated fair value of the Prepayment Option was a liability of $150 and $750 as of March 31, 2021 and December 31, 2020, respectively, and was included in derivative liabilities in the condensed unaudited interim consolidated statements of financial position. The Prepayment Option is included within derivative liabilities in the consolidated statements of financial position. The change in the fair value of Prepayment Option is included in fair value changes in derivatives within the condensed unaudited interim consolidated statements of operations and comprehensive loss. The estimated fair value of the Prepayment Option was determined using a probability-weighted discounted cash flow analysis, taking into account the future likelihood of the mandatory redemption. These are Level 3 recurring fair value measurements. The significant assumptions used in the calculations as are as follows: the probability of a mandatory redemption, a mid-point redemption date, and the discount rate, which is based on market yields of similar host instruments. If any of the assumptions used in the calculation were to increase or decrease, this could result in a material or significant increase or decrease in the estimated fair value of the Prepayment Option. For example, the following table illustrates an increase or decrease in certain significant assumptions as of dates indicated:

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

	March 31, 2021			December 31, 2020		
	Input	Effect of 10% Increase	Effect of 10% Decrease	Input	Effect of 10% Increase	Effect of 10% Decrease
Discount rate	10.6%	$ 311	$ 322	11.8%	$ 512	$ (532)
Probability	90%	$ 14	$ (14)	65%	$ 116	$ (116)

Other mandatory redemptions would be required: i) at par plus accrued interest with 100% of the net cash proceeds as result of certain specified dispositions; and/or; ii) 106% of the principal amount plus all accrued interest as a result of certain change of control transactions.

Optional Redemptions

A redemption of the Senior Notes may by initiated by the Company at any time upon 3 days written notice and may redeem all or any portion of the Senior Notes at par plus accrued interest plus a premium equal to 5% of the aggregate principal amount of the Senior Notes being redeemed on or after the first anniversary of the issue date but prior to the second anniversary of the issue date. The Company (at its option) may redeem all or any portion of the Senior Notes at par plus accrued interest (without any premium) on or after the second anniversary of the date of issuance.

Guarantees

The Company's obligations under the Senior Notes are secured by substantially all of the assets of the Company and certain Subsidiaries (subject to certain exclusions) and are guaranteed by certain Subsidiaries (the "Guarantors").

Derivative Warrants

The Derivative Warrants, which were issued to Senior Note holders, have an expiration date of December 23, 2024, and an exercise price of US$1.25. The Derivative Warrants may be settled only with cash for the first year following the issuance date but may be net share settled after one year from the issuance date. These warrants are considered derivative financial liabilities at FVTPL under IAS 32 *Financial Instruments* ("IAS 32") due to the cashless exercise option, and certain of these warrants also contain(ed) down-round price protection features which also requires liability presentation. The derivatives are classified as long-term liabilities.

There were 41,479,355 and 42,017,892 Derivative Warrants outstanding as of March 31, 2021 and December 31, 2020, respectively. Refer to Note 16 - Equity for the continuity of the Derivative Warrants.

The estimated fair value of the Warrants is measured at each reporting period and an adjustment is reflected in fair value changes in derivatives in the condensed unaudited interim consolidated statements of operations and comprehensive loss.

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

The estimated fair value of the derivative warrants as of the balance sheet date was determined using the Monte Carlo simulation model taking into account the fair value of the Company's Subordinate Voting Shares on the valuation dates and into the future encompassing a wide range of possible future market conditions. These are Level 3 recurring fair value measurements. The assumptions used in the calculations as of the measurement dates for the periods presented included the following:

	March 31, 2021	December 31, 2020
Stock price	$6.12	$5.86
Risk-free annual interest rate	0.56%	0%
Range of estimated possible exercise price	$0.01 - $1.25	$0.01 - $1.25
Volatility	80%	80%
Remaining life	3.7 years	4 years
Forfeiture rate	0%	0%
Expected annual dividend yield	0%	0%

Volatility was estimated by using a weighting of the Company volatility and the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies. The risk-free interest rate for the expected life of the Warrants was based on the yield available on government benchmark bonds with an approximate equivalent remaining term at the time of the grant. The expected life is based on the contractual term. If any of the assumptions used in the calculation were to increase or decrease, this could result in a material or significant increase or decrease in the estimated fair value of the derivative liability. For example, the following table illustrates an increase or decrease in certain significant assumptions as of the balance sheet dates:

	As of March 31, 2021			As of December 31, 2020		
	Input	Effect of 10% Increase	Effect of 10% Decrease	Input	Effect of 10% Increase	Effect of 10% Decrease
Stock price	$ 6.12	$ 22,857	$ (24,898)	$ 5.86	$ 21,856	$ (23,707)
Volatility	80 %	$ 2,041	$ (4,082)	80 %	$ 1,508	$ (4,239)

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

15. OTHER DEBT

The details and continuity for the other debt is as follows:

		Financing Obligation (4)	Unsecured Credit Lines	Total Other Debt
Short-term other debt as of December 31, 2020	(1)	$ 261	$ —	$ 261
Long-term other debt as of December 31, 2020	(2)	$ 2,861	$ 614	$ 3,475
Total other debt as of December 31, 2020		$ 3,122	$ 614	$ 3,736
Additions		—	1,214	1,214
Amortization		95	—	95
Payments	(3)	(81)	—	(81)
Foreign exchange impact		$ —	$ (67)	$ (67)
Total other debt as of March 31, 2021		$ 3,136	$ 1,761	$ 4,897
Short-term other debt as of March 31, 2021	(1)	$ 255	$ —	$ 255
Long-term other debt as of March 31, 2021	(2)	$ 2,881	$ 1,761	$ 4,642

(1) The short-term portion and accrued interest are reflected in accounts payable, accrued expenses and other current liabilities in the consolidated statements of financial position. Refer to Note 11 - Accounts Payable, Accrued Expenses and Other Current Liabilities.
(2) The long-term portions are reflected in other debt in the condensed unaudited interim consolidated statements of financial position.
(3) Amortization of the financing obligation is included in interest expense and finance charges in the condensed unaudited interim consolidated statements of operations and comprehensive loss.

Financing Obligation

The financing obligation relates to a property financing transaction that closed in July 2020 for $3,100 in cash proceeds. The Company has the option, after one year subsequent to the commencement date, to purchase the property at amount equal to a 7.5% capitalization rate of the annual base rent which then increases by 0.1% every year up to an 8% maximum rate over the life of the lease. The initial monthly payment was $27 and monthly payments for the financing obligation increase 2.25% annually and the expected term is 30 years.

Unsecured Credit Lines

In January 2021, Jushi Europe entered into a credit agreement with an individual and received €1,000 principal amount. During the fourth quarter of 2020, Jushi Europe had entered into a credit agreement with a related party, and received €500 principal amount . These credit agreements accrue interest at 5% per annum, payable annually in arrears, and mature on November 11, 2024. The outstanding balance may be prepaid at any time prior to maturity without penalty, and may be offset with receivables from the lender.

16. EQUITY

(a) Authorized

The authorized share capital consists of common shares with an unlimited number of Subordinate Voting Shares ("SVS"), an unlimited number of Multiple Voting Shares ("MVS"), and an unlimited number of Super Voting Shares ("SV"). Super Voting Shares carry 1,000 votes per share and are convertible into 100 SVS per share. Multiple Voting Shares carry 10 votes per share and are convertible into 1 SVS per share.

(b) Issued and Outstanding

Refer to the consolidated statements of changes in equity for a reconciliation of the beginning and ending amounts of the issued and outstanding shares and the related share capital and share reserves.

Public Offerings

On January 7, 2021, the Company closed on an overnight marketed offering for an aggregate of 6,210,000 subordinate voting shares at a price of C$6.50 per share for total gross proceeds of C$40,365, and total net proceeds of C$37,768 ($29,762). On February 12, 2021, the Company closed on an overnight marketed offering for an aggregate 7,475,000 subordinate voting shares at a price of C$10.00 per share for total gross proceeds of C$74,750 and total net proceeds of C$70,922 ($55,902). These offerings included the full exercise of the over-allotment option granted to the underwriters. The Company intends to use the net proceeds of the offerings for potential strategic transactions and business expansion opportunities as well as for general corporate purposes and working capital.

Restricted Stock and Stock Options

Refer to Note 17 - Share-Based Compensation, for details of restricted stock awards and stock option grants.

Other Equity

Refer to Note 22 - Non-Controlling Interests, for details of a convertible promissory note classified as equity.

Warrants

Each whole Super Voting warrant, each Multi-Voting warrant, and each Subordinate Voting warrant, entitles the holder to purchase one Super Voting Share, one Multi-Voting Share and one Subordinate Voting Share, respectively. The following table summarizes the warrants outstanding as of March 31, 2021 (on a non-converted basis):

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

Security Issuable		Exercise Price	Number of Warrants		Expiration Date
Super Voting Shares	$	0.50	13,750	(1)(7)	June 6, 2029
Super Voting Shares	$	1.00	149,000	(2)(7)	June 6, 2029
Total Super Voting Shares			162,750		
Multiple Voting Shares	$	0.50	2,750,000	(1)(7)	June 6, 2029
Multiple Voting Shares	$	1.00	4,000,000	(2)(7)	June 6, 2029
Total Multiple Voting Shares			6,750,000		
Subordinate Voting	$	2.00	707,407	(2)(7)(8)(10)	June 6, 2021
Subordinate Voting	$	2.00	1,000,000	(5)(7)(10)	June 6, 2021
Subordinate Voting	$	2.75	362,208	(1)(10)	June 6, 2021
Subordinate Voting	$	3.00	323,750	(2)(7)(8)(10)	June 6, 2021
Subordinate Voting	$	1.50	262,500	(6)	September 27, 2023
Subordinate Voting	$	1.50	750,000	(1)	March 18, 2024
Subordinate Voting	$	1.35	933,335	(1)(7)(8)	June 6, 2029
Subordinate Voting	$	1.50	155,958	(1)	January 1, 2029
Subordinate Voting	$	2.00	1,496,667	(1)	April 17, 2029
Subordinate Voting	$	1.00	800,000	(2)(7)	June 6, 2029
Subordinate Voting	$	3.00	1,047,500	(3)(8)	September 23, 2021
Subordinate Voting	$	1.47	100,000	(1)	February 6, 2023
Subordinate Voting	$	1.35	350,000	(1)	February 22, 2022
Subordinate Voting	$	1.58	43,548	(1)	January 15, 2022
Subordinate Voting	$	1.58	139,355	(1)	December 23, 2021
Subordinate Voting	$	1.59	25,000	(1)	January 30, 2022
Subordinate Voting	$	1.25	109,560	(1)	June 22, 2022
Subordinate Voting	$	1.25	41,479,355	(9)	December 23, 2024
Subordinate Voting	$	1.31	200,000	(1)	February 2, 2022
Subordinate Voting	$	1.25	12,738	(1)	July 30, 2022
Subordinate Voting	$	2.47	1,300,000	(1)	October 2, 2025
Subordinate Voting	$	2.91	260,075	(1)	November 25, 2025
Total Subordinate Voting Shares			51,858,956		
Total warrants			58,771,706		

(1) Issued for services rendered, including broker warrants issued in connection with the 10% Senior Notes. The fair value of these warrants was determined using the Black-Scholes option-pricing model, which is determined to provide a reliable estimate of the fair value of goods or services received.
(2) Issued with the sale of stock.
(3) Issued in 2019 in connection with an acquisition.
(4) Issued in 2019 in connection with the agreement which provided an option to acquire certain cannabis licenses which were in the application phase.
(5) Issued 1,000,000 warrants in 2018 in connection with the sale of notes receivable.
(6) Issued in 2018 in connection with a contemplated financing.
(7) Subject to exercise trigger/liquidity event noted below.
(8) Subject to accelerated expiration or forced exercise noted below.
(9) Issued in connection with the 10% Senior Notes. These warrants represent a derivative liability and are therefore not classified as equity in the statement of financial position. Refer to Note 14 - Senior Notes and Derivative Liabilities for further details.
(10) Certain warrants are held by related parties and/or employees, and as a result of insider-trading restrictions that may limit the ability to exercise these warrants prior to expiration, the expiration of certain of these warrants may be extended.”

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

As of March 31, 2021, warrants issued and outstanding have a weighted-average remaining contractual life of 5.2 years (on an as-converted basis). Certain warrants may be net share settled.

The continuity of the warrants outstanding (on a non-converted basis) is as follows:

	Non-Derivative Warrants	Derivative Warrants [4]	Total Number of Warrants	Weighted - Average Exercise Price
Balance as of December 31, 2020 [1]	20,651,994	42,017,892	62,669,886	$ 1.29
Exercised [2] [3]	(3,359,643)	(538,537)	(3,898,180)	2.53
Balance as of March 31, 2021	17,292,351	41,479,355	58,771,706	1.33
Exercisable	14,932,349	41,479,355	56,411,704	$ 1.29

(1) Number of outstanding warrants on an as-converted basis was 74,883,956 and 78,782,136 as of March 31, 2021, and December 31, 2020, respectively. The 162,750 outstanding warrants for Super Voting Shares equal 16,275,000 warrants on an as-converted basis. Refer to table above for details of warrants outstanding.

(2) The weighted average share price as of the dates of exercise was $6.23. The Company issued 3,898,180 Subordinate Voting Shares and received $9,856 in cash proceeds during the three months ended March 31, 2021.

(3) Includes exercises in connection with the acceleration of certain warrants in December 2020, the Company completed the acceleration in January 2021.

(4) Includes derivative warrants which were issued to the 10% Senior Notes holders and which have an exercise price of $1.25. These warrants represent a derivative liability and are therefore not classified as equity in the statement of financial position. Refer to Note 14 - Senior Notes and Derivative Liabilities.

17. SHARE-BASED COMPENSATION

A summary of all share-based compensation expense is as follows:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Stock options	$ 728	$ 557
Restricted stock grants	2,337	648
Warrants	498	113
Total share-based compensation expense	$ 3,563	$ 1,319

Equity Incentive Plan

Under the Company's 2019 Equity Incentive Plan, as amended, non-transferable options to purchase Subordinate Voting Shares and restricted Subordinate Voting Shares of the Company may be issued to directors, officers, employees, or consultants of the Company. The plan authorizes the issuance of up to 15% of the number of outstanding shares of common stock (of all classes) of the Company (the "Share Reserve"). Incentive stock options are limited to the Share Reserve as of June 6, 2019. As of March 31, 2021, the maximum number of incentive stock option awards available and incentive plan awards available for issuance under the 2019 Plan was 6.5 million and 10.4 million, respectively, and an additional 1.9 million was available for certain new hires.

(a) Stock Options

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

The stock options issued by the Company are options to purchase Subordinate Voting Shares of the Company. All stock options issued have been issued to employees of certain subsidiaries of the Company under the Company's Plan. Such options generally expire in ten years from the date of grant and generally have the following vesting conditions: 1/3 of the options vest on each anniversary of the grant date. The options may be net share settled.

The continuity of stock options outstanding is as follows:

	Number of Stock Options	Weighted-Average Per Share Exercise Price
Issued and Outstanding as of December 31, 2020	9,573,834	$ 2.00
Granted (1)	150,000	6.13
Exercised (2)	(15,000)	2.00
Forfeited (3)	(50,000)	3.54
Issued and Outstanding as of March 31, 2021	9,658,834	$ 2.06
Exercisable as of March 31, 2021	3,195,984	$ 1.86

(1) The weighted-average per share grant date fair value was $4.04 for the year ended December 31, 2020.
(2) The weighted-average share price at the date of exercise was $7.61.
(3) For awards which were not fully vested at the time of forfeiture, the previously recorded expense was reversed.

The following table summarizes the issued and outstanding stock options as of March 31, 2021:

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

Expiration Date	Stock Options Outstanding	Exercise Price	Stock Options Exercisable
May 25, 2028	150,000	$1.00	100,000
October 12, 2028 - December 1, 2028	770,000	$1.35	513,331
April 17, 2029	6,413,000 (1)	$2.00	2,160,994
May 1, 2029 - June 7, 2029	360,000	$2.75 - $3.00	123,331
September 3, 2029	200,000	$1.80	66,665
December 2, 2029	543,334	$1.26	169,997
February 14, 2030	150,000	$1.36	50,000
May 15, 2030 - June 19, 2030	32,500	$0.91 -$ 1.28	—
August 8, 2030	240,000	$1.88	—
October 13, 2030	280,000	$2.87	—
December 1, 2030	385,000	$3.98	—
January 18, 2031	135,000	$6.13	11,666
	9,658,834		3,195,984

(1) Includes 5,098,000 of stock options issued to key senior management of the Company.

As of March 31, 2021, stock options outstanding have a weighted-average remaining contractual life of 8.2 years.

In determining the amount of share-based compensation expense related to options issued, the Company used the Black-Scholes option-pricing model to establish the measurement date fair value of stock options granted during the period. The following assumptions were applied at the time of grant:

	Three Months Ended March 31,	
	2021	2020
Stock price	$6.13	$1.36
Risk-free annual interest rate	0.45% - 0.69%	1.42%-1.47%
Expected annual dividend yield	0%	0%
Volatility	78%	85%
Expected life of stock options	5 - 6.47 years	5 - 6 years
Forfeiture rate	0%	0%

Volatility was estimated by using the Company volatility and a weighting of the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies. The expected life in years represents the period of time that stock options issued are expected to be outstanding, using a simplified method. The risk-free rate is based on U.S. Treasury bills with a remaining term equal to the expected life of the options. The Company does not anticipate paying dividends in the foreseeable future, and as a result, the expected annual dividend yield is expected to be 0%.

(b) Restricted Stock Grants

The Company grants restricted Subordinated Voting Shares ("SVS") to independent directors, management, former owners of acquired businesses or assets, and to consultants and other employees. The restricted SVS are included in the issued and outstanding SVS. The continuity for unvested restricted stock grants is as follows:

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

	Number of Restricted Subordinate Voting Shares
Unvested restricted stock as of December 31, 2020	6,438,186
Vested	(661,919)
Unvested restricted stock as of March 31, 2021	5,776,267

Generally restricted stock awards will vest either one-third on each anniversary of service from the vesting start date or will be fully vested on the completion of one year of full service from the vesting start date, depending on the award. As of March 31, 2021, unvested restricted stock awards have a weighted-average remaining vesting period of 1.7 years.

18. SEGMENTS

The Company currently has two reportable segments: Retail and Wholesale. The Company's Retail segment is comprised of cannabis operations for medical and adult use dispensaries. The Company's Wholesale segment is comprised of cannabis cultivation, processing, production and distribution of cannabis for medical and adult use. The Company's Other operations primarily include the Company's hemp/CBD retail operations, consulting, corporate and international operations.

The Company, as of March 31, 2021, through various subsidiaries, has several operating cannabis retail segments and several wholesale/cultivation cannabis segments, which have been aggregated for reporting purposes into one reportable retail segment, and one reportable wholesale segment, respectively. The Company defines its segments as those operations whose results the Chief Operating Decision Maker ("CODM") regularly reviews to analyze performance and allocate resources. Therefore, segment information is prepared on the same basis that management reviews financial information for operational decision-making purposes. The CODM reviews assets on a consolidated basis.

Revenue for the Company's reportable segments is presented and reconciled to consolidated financial information in the following table.

	For the Three Months Ended March 31,2021			For the Three Months Ended March 31,2020		
	Revenue by Segment	Intercompany Revenue	Revenue to External Customers	Revenue by Segment	Intercompany Revenue	Revenue to External Customers
Retail	$ 39,277	$ —	$ 39,277	$ 8,078	$ —	$ 8,078
Wholesale	4,191	(1,883)	2,308	394	—	394
Other (1)	90	—	90	160	—	160
Eliminations	(1,883)	1,883	—	—	—	—
Consolidated revenue	$ 41,675	$ —	$ 41,675	$ 8,633	$ —	$ 8,633

(1) For the three months ended March 31, 2020, the Company recognized revenue from external customers from royalty and franchise fee revenues of $14 and consulting income of $13. There was no income from such activities recognized in the three months ended March 31, 2021.

All retail and wholesale revenues for the three months ended March 31, 2021 and 2020 were generated within the United States, and all long-lived assets are located in the United States.

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

19. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share

No dilutive potential shares of common stock were included in the computation of diluted net loss per share for either the year ended March 31, 2021 or 2020 because their effect would be anti-dilutive. The outstanding type of securities that could potentially dilute basic loss per common share are stock options, warrants (including derivative warrants) and convertible promissory notes. For the three months ended March 31, 2021 and 2020, 85,472,790 and 84,731,474 respectively, of securities (on an as-converted basis), based on the amounts outstanding at year end, were excluded from consideration in the computation of diluted loss per share attributable to shareholders because their effect would have been anti-dilutive.

20. NATURE OF EXPENSES

Costs of sales and operating expenses by nature are as follows:

	Note	For the Three Months Ended March 31, 2021	For the Three Months Ended March 31, 2020
Cost of sales:			
Inventory expensed to cost of sales excluding S&W and depreciation		$ 20,390	$ 4,358
Salaries, wages and employee related expenses ("S&W")		1,675	95
Depreciation expense	7	604	33
Total inventory expensed to cost of sales		$ 22,669	$ 4,486
Other production costs		246	55
Inventory provision, net		19	6
Total cost of sales		$ 22,934	$ 4,547
General, administrative and selling expenses:			
Salaries, wages and employee related expenses		$ 9,882	$ 5,087
Depreciation and amortization expense	7, 9	1,165	1,016
Other general and administrative expenses		6,347	3,746
Total general, administrative and selling expenses		$ 17,394	$ 9,849

Other general and administrative expenses is comprised of rent and related expenses, professional fees and legal expenses, marketing and selling expenses, insurance costs, administrative and application fee, software and technology costs, travel, entertainment and conferences and other.

21. INCOME TAXES

The Company is subject U.S. federal taxation and is also subject to income taxes in various state jurisdictions, all with varying tax rates. During the three months ended March 31, 2021, there were no material changes to the statutory tax rates in the taxing jurisdictions where the majority of the Company's income for tax purposes was earned, or where its temporary differences or losses are expected to be realized or settled. During the three months ended March 31, 2021, the Company's deferred tax liabilities were mainly impacted by the sale of Cresco shares and warrants.

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

Internal Revenue Code ("IRC") Section 280E denies, at the US federal level, deductions and credits attributable to a trade or business trafficking in controlled substances. Case law shows that "cost of goods sold" has been permitted as a deduction in determining taxable income. Certain subsidiaries of the Company with medical and recreational cannabis operations are subject to IRC Section 280E, for those subsidiaries, the Company's US tax is based on gross receipts less cost of goods sold.

The Company's 2019 tax returns benefited from not applying IRC Section 280E to certain entities of the consolidated group either due to the entity not yet starting operations or because the entity had a separate trade or business that was not medical or recreational cannabis operations. During the three months ended March 31, 2021, the Company determined that it is not probable that certain tax positions taken in the 2019 income tax returns would be sustained under IFRIC 23 Uncertainty over Income Tax Treatments. As a result, income tax liabilities of $1.9 million recorded in 2019, which applied IRC Section 280E, will remain on the balance sheet as uncertain tax liabilities as of March 31, 2021.

22. NON-CONTROLLING INTERESTS

The following tables present the summarized financial information as of and for the three months ended March 31, 2021, and as of ended December 31, 2020, for the Company's subsidiaries that have non-controlling interests. This information represents amounts before intercompany eliminations.

March 31, 2021:

	Grover Beach	Jushi Europe	Other Non-Material Interests	Total
Cash and cash equivalents	$ —	$ 282	$ —	$ 282
Prepaid expenses	—	6,573	112	6,685
Inventory	—	—	—	—
Property, plant and equipment	2,393	1,023	—	3,416
Other intangible assets, net	4,771	—	—	4,771
Other long-term assets	20	453	—	473
Total assets	$ 7,184	$ 8,331	$ 112	$ 15,627
Accounts payable and accrued liabilities	$ 95	$ 7,195	$ 331	$ 7,621
Loan payable	—	1,761	—	1,761
Lease obligations	2,031	—	—	2,031
Non-controlling interests	1,117	189	1	1,307
Equity attributable to Jushi	3,941	(814)	(220)	2,907
Total liabilities and equity	$ 7,184	$ 8,331	$ 112	$ 15,627
Net loss	$ (19)	$ (354)	$ —	$ (373)
Net loss attributable to non-controlling interests	—	175	—	175
Net loss and comprehensive loss attributable to Jushi shareholders	$ (19)	$ (179)	$ —	$ (198)

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

December 31, 2020:

	Jushi Europe	Agape	Other Non-Material Interests	Total
Cash and cash equivalents	$ 74	$ 947	$ —	$ 1,021
Prepaid expenses	5,626	26	112	5,764
Inventory	—	329	—	329
Property, plant and equipment	311	863	—	1,174
Other intangible assets, net	—	7,881	—	7,881
Other long-term assets	324	35	—	359
Total assets	$ 6,335	$ 10,081	$ 112	$ 16,528
Accounts payable and accrued liabilities	$ 5,989	$ 752	$ 332	$ 7,073
Loan payable	614	762	—	1,376
Lease obligations	—	759	—	759
Non-controlling interests	364	1,562	1	1,927
Equity attributable to Jushi	(632)	6,246	(221)	5,393
Total liabilities and equity	$ 6,335	$ 10,081	$ 112	$ 16,528

The continuity for the non-controlling interests is as follows:

	Grover Beach	Jushi Europe	Agape	Other Non-Material Interests	Total
Balance as of December 31, 2020	—	364	1,562	1	1,927
Acquisitions	1,117	—	—	—	1,117
Purchases of non-controlling interests	—	—	(1,562)	—	(1,562)
Cash contribution	—	—	—	—	—
Other transactions with non-controlling interests, net	—	—	—	—	—
Net loss	—	(175)	—	—	(175)
Balance as of March 31, 2021	$ 1,117	$ 189	$ —	$ 1	$ 1,307

Purchases of Non-Controlling Interests

Agape

On January 25, 2021, the Company acquired the remaining 20% of the equity interests of Agape from the non-controlling shareholders for 500,000 SVS for total estimated fair value of $3,425, based on a market price of $6.85 per share on the date of close. As a result of the transaction, the Company recorded a decrease to non-controlling interests of approximately $1,562, and an increase in accumulated deficit of approximately $1,863. The Company now owns 100% of the issued and outstanding shares of Agape.

23. COMMITMENTS AND CONTINGENCIES

Contingencies

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in material compliance with applicable local and state regulations as of March 31, 2021, marijuana regulations continue to evolve and are subject to differing interpretations. As a result, the Company could be subject to regulatory fines, penalties or restrictions at any time. In addition, refer to Note 21 - Income Taxes for certain tax related contingencies.

Claims and Litigation

The Company's business activities, and the business activities of its subsidiaries, which operate in jurisdictions where the use of marijuana has been legalized under state and local laws, currently are illegal under U.S. federal law. The U.S. Controlled Substances Act classifies marijuana as a Schedule I controlled substance. Any proceeding that may be brought against the Company could have a material adverse effect on the Company's business plans, financial condition and results of operations.

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. Other than the civil disputes and/or other matters described below, to the Company's knowledge, there are no material legal proceedings or regulatory actions to which the Company is a party, or has been a party to, or of which any of its property is or was the subject matter of, and no such proceedings or actions are known by the Company to be contemplated. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

TGS and TGSIH

On March 19, 2018, the Company acquired a majority stake in TGS National Holdings LLC which controlled TGS National Franchise, LLC ("TGS NF"), a franchisor. During 2018, San Felasco Nurseries, Inc. ("SFN") terminated franchise agreements between it and TGS NF. SFN then sold its business to a third-party. TGS NF contends the termination of the franchise agreements and sale to the third party were wrongful and in late 2018 initiated arbitration seeking to recover its monetary damages. In May 2020, Jushi FL SPV, LLC was substituted for TGS NF as the claimant in the arbitration. The final hearing in the arbitration commenced on May 3, 2021 and is pending.

Commitments

In addition to the contractual obligations outlined in Note 25 - Financial Instruments and Financial Risk Management, the Company has the following commitments as of March 31, 2021:

(i) Acquisitions

On January 14, 2021, the Company entered into a definitive agreement to acquire 100% of the equity of Organic Solutions of the Desert, LLC ("OSD"), an operating dispensary located in Palm Springs, California, for approximately $5,000, subject to adjustments. The closing of such acquisition is subject to, among other things, state and local regulatory approvals. Refer to Note 26 - Subsequent Events.

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

(ii) Property and Construction Commitments

The Company has various lease commitments related to various office space, retail locations and warehouses. The Company has certain operating leases with optional renewal terms that the Company may exercise at its option. Refer to Note 13 - Lease Obligations, for further details and for any equipment purchase commitments.

In connection with various license applications, the Company may enter into conditional leases or other property commitments which will be executed if the Company is successful in obtaining the applicable license and/or resolving other contingencies related to the license or application.

In addition, the Company expects to incur capital expenditures for leasehold improvements and construction of buildouts of certain locations, including for properties for which the lease is conditional on obtaining the applicable related license or for which other contingencies exist. If the Company were to be unsuccessful in obtaining a particular license or certain other conditions are not met, the previously capitalized improvements and buildouts relating to that license may need to be expensed in the statements of operations and comprehensive income (loss).

(iii) Consulting Agreements

In July 2019, the Company was identified as one of three applicants to move forward in the application process for a business license to operate a retail storefront within Culver City, California. If awarded, the Company is obligated to pay, under various consulting arrangements, success fees of approximately $300 and, subject to regulatory approvals, grant a 5% equity interest in the applicant entity. A commitment fund will also be set up to fund $100 annually towards non-profit organizations in Culver City, California.

24. RELATED PARTY TRANSACTIONS

The Company had the following related party transactions during the three months ended March 31, 2021 and 2020:

	For the Three Months Ended March 31,		Balance as of	
	2021	2020	March 31, 2021	December 31, 2020
Nature of transaction	Related Party Income (Expense)		Related Party Prepaid/Receivable (Payable)	
Management services agreements [(1)(3)]	$ (10)	$ (135)	$ 7	$ 7
Consulting agreements [(2)(3)]	$ (25)	$ (63)	$ —	$ (63)
Directors' fees [(4)]	$ (43)	$ (50)	$ (43)	$ (50)
10% Senior Notes - interest expense and principal	[(5)]	$ (500)	[(5) (6)]	$ (25,050)
Senior key management [(7)]				
Salary and wages	$ (359)	$ (300)	—	—
Share-based compensation expense	$ (1,766)	$ (477)	—	—
Loans - interest charged and principal plus accrued interest outstanding [(8)]	$ 31	$ —	$ 2,501	$ 2,470

(1) Includes fees paid to entities controlled by the Company's CEO, James Cacioppo, for shared costs of administrative services, the provision of financial and research-related advice, and sourcing and assisting in mergers, acquisitions and capital transactions.

(2) For the three months ended March 31, 2021 and 2020 consulting fees includes consulting fees paid to Dr. Laszlo Mechtler, a former owner of MEND, and for the three months ended March 31, 2020, consulting fees also includes fees paid to Denis Arsenault (a significant shareholder of the Company and former member of the Board of Directors of Jushi Inc).

(3) Excludes expense from warrants, which is included in stock-based compensation expense. For the three months ended March 31, 2021 and 2020, total expense for warrants issued in connection with these agreements with related parties was $nil and $86, respectively. The Company did not issue any additional warrants in connection with these agreements during the three months ended March 31, 2021 and 2020.

(4) Excludes expense from restricted stock awards, which is included in stock-based compensation expense. RSA expense relating to independent directors was $152 and $116 for the three months ended March 31, 2021 and 2020, respectively.

(5) Outstanding principal balance and interest expense as of and for the three months ended March 31, 2021 cannot be reliably determined as the majority of the senior notes are publicly traded since December 2020 and may no longer be owned by the original investor as of March 31, 2021.

(6) Refer to Note 14 - Senior Notes and Derivative Liabilities for information on the Senior Notes redemptions which occurred in January and February of 2021. Of the total amount of Senior Notes redeemed in January 2021, $3,072 was estimated to be related to related parties including certain senior management and a significant shareholder. In February 2021, certain senior key management and a significant investor sold their remaining principal amount of publicly traded 10% Senior Notes totaling $19,219.

(7) The Company's senior key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and consists of the Company's executive management team.

(8) In connection with tax elections related to the issuance of certain restricted stock to key management personnel during the year ended December 31, 2020, the Company paid taxes totaling $2,450 on behalf of these employees, for which promissory notes were issued and which amounts are included in other long-term assets as of March 31, 2021. Refer to Note 10 - Other Long-Term Assets. The promissory notes bear interest at 5% annually, which is payable on maturity. The promissory notes have a five-year maturity and are subject to acceleration for certain reasons, such as, but not limited to, employment termination or sale of the stock.

Refer to Note 15 - Other Debt for details of a credit facility from a related party.

25. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

Financial instruments are measured at amortized cost (adjusted for impairments or expected credit losses, as applicable) or at fair value though profit and loss ("FVTPL"). Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are: Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities; Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and Level 3 – Inputs for the asset or liability that are not based on observable market data. There were no transfers between fair value levels during the year ended March 31, 2021.

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

The following table provides a summary of the Company's financial assets and financial liabilities, their classification and measurement and the fair value hierarchy for the Company's financial instruments that are measured at FVTPL:

	Note	March 31, 2021	December 31, 2020	Classification and Measurement	Level within the Fair Value Hierarchy for FVTPL Financial Instruments
Financial Assets:					
Cash and cash equivalents		$ 162,085	$ 85,857	Amortized Cost	n/a
Investments in securities - shares	3	$ 5,832	$ 9,134	FVTPL	Level 1
Investments in securities - warrants	3	$ —	$ 1,908	FVTPL	Level 2
Accounts receivable		$ 893	$ 859	Amortized Cost	n/a
Other current assets	5	$ 4,180	$ 4,691	Amortized Cost	n/a
Other long-term assets - contingent consideration receivable	10	$ 889	$ 865	FVTPL	Level 3
Other long-term assets - equity investment	10	$ 1,500	$ 1,500	FVTPL	Level 2
Financial Liabilities:					
Accounts payable and accrued liabilities (excluding short-term debt)	11	$ 41,795	$ 30,440	Amortized Cost	n/a
Promissory notes payable	12	$ 4,488	$ 4,419	Amortized Cost	n/a
Lease obligations	13	$ 44,094	$ 39,210	Amortized Cost	n/a
10% Senior Notes	14	$ 48,974	$ 50,566	Amortized Cost	n/a
Derivative liabilities	14	$ 211,440	$ 205,361	FVTPL	Level 3
Other debt (including short-term portion)	15, 11	$ 4,897	$ 3,736	Amortized Cost	n/a

The carrying values of the short-term financial assets and liabilities held at amortized cost approximate their fair values due to the relatively short maturity of those instruments. The long-term equity investment approximates its fair value at the balance sheet date. Other long-term assets held at amortized cost approximate their fair values. The carrying amounts of the promissory notes and lease obligations approximate their fair values as the effective interest rates are consistent with market rates. The fair values of the 10% Senior Notes as of the balance sheet dates are deemed to have approximated the principal amounts.

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

(a) Credit and Banking Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure as of March 31, 2021, is the carrying amount of cash and cash equivalents, investments, accounts receivable, employee receivables and other current/non-current assets. The Company does not have significant credit risk with respect to its customers. The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk but has limited risk as the majority of its sales are transacted with cash. Employee receivables include promissory notes and pledge agreement that pledge the underlying restricted stock received by the employees. Long term assets, such as deposits, are made in the normal course of business. The Company does not have significant risk from its contingent consideration receivable or other investments due to the credit worthiness of the underlying company. The Company is not aware of any credit issues related to its assets.

(Amounts Expressed in United States Dollars, Unless Otherwise Stated)

All cash is placed with major U.S., Canadian or European financial institutions. Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash deposits. Cash accounts at each institution are insured by either the Canada Deposit Insurance Corporation ("CDIC") up to CAD$100,000, the Federal Deposit Insurance Corporation ("FDIC") or the National Credit Union Association ("NCUA") up to $250,000, or Essisuisse Deposit Insurance ("ESI") up to CHF100,000, as applicable. As of March 31, 2021, the Company had $156,649 of cash and cash equivalents in excess of these insured limits.

(b) Liquidity Risk and Capital Management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support business development The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due. The Company raises capital, as necessary, to meet its needs and take advantage of perceived opportunities and, therefore, does not have a numeric target for its capital structure. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

These condensed unaudited interim consolidated financial statements have been prepared under the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business. The Company plans to use existing funds and funds from the Company's equity offerings, the Company's debt offering(s), as well as funds from future offerings and the future sale of products, to fund operations and expansion activities. The Company closed on public equity offerings in January 2021 and February 2021. Refer to Note 16 - Equity. The Company may attempt to issue new shares or issue new debt; however, there can be no assurance that the Company will be able to continue raising capital (equity or debt) in this manner.

In addition to the commitments outlined in Note 23 - Commitments and Contingencies, the Company has the following estimated future contractual payment obligations, excluding interest payments on notes and the unsecured credit line, and excluding potential escalations in lease obligations for changes in cannabis regulations, as of March 31, 2021:

	< 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
Accounts payable and accrued liabilities (excluding short-term debt)	$ 41,795	$ —	$ —	$ —	$ 41,795
10% Senior Notes - principal	—	75,193	—	—	75,193
Promissory notes - principal	1,620	48	3,750	—	5,418
Leases (including interest)	7,314	14,012	13,321	152,797	187,444
Other debt - financing obligation (including interest)	$ 328	$ 678	$ 709	$ 11,695	$ 13,410
Other debt - unsecured credit line - principal	$ —	$ —	$ 1,761	$ —	$ 1,761
Total	$ 51,057	$ 89,931	$ 19,541	$ 164,492	$ 325,021

(c) Market Risk

Currency Risk - The operating results and financial position of the Company are reported in U.S. dollars. As of March 31, 2021, and 2019, the Companies financial assets and liabilities are denominated primarily in U.S. dollars. From time to time, the Company may enter into financial transactions in currencies other than the U.S. dollar. The Company's results of operations are subject to currency transaction and translation risks. For the three months ended March 31, 2021, and 2019, the Company recorded $28 in foreign exchange gains and $2 in foreign exchange losses, respectively.

Interest Rate Risk - Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash bears interest at market rates. The Company's financial debts have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

Price Risk - Price risk is the risk of variability in fair value due to movements in equity or market prices. Refer to Note 4 - Inventory and Biological Assets for the Company's sensitivity assessment of certain fair value assumptions used in the calculation of biological asset values. Refer to Note 14 - Senior Notes and Derivative Liabilities for the Company's sensitivity assessment of certain fair value assumptions used in the calculation of derivative liabilities. Investments in securities are linked to market rates and therefore expose the Company to fair value price risk. A 10% change in the value of short-term investments as of March 31, 2021 would result in a $583 effect on net income (loss).

26. SUBSEQUENT EVENTS

Acquisitions

In April 2021, the Company entered into a definitive binding agreement (the "Agreement") to acquire Nature's Remedy of Massachusetts, Inc. and certain of its affiliates (collectively, "Nature's Remedy"), a vertically-integrated single state operator in Massachusetts, for total consideration of up to approximately $110,000. Nature's Remedy currently operates two retail dispensaries, in Millbury, MA and Tyngsborough, MA, and a 50,000 sq. ft. cultivation and production facility in Lakeville, MA with approximately 19,500 sq. ft. of high-quality indoor flower canopy and state-of-the-art extraction and manufacturing capabilities. Under the terms of the Agreement, Jushi has agreed to acquire Nature's Remedy for an upfront payment of $100,000 (subject to purchase price adjustments as set forth in the Agreement), comprised of $40,000 in cash, $55,000 in Subordinate Voting Shares of the Company and a $5,000 unsecured five-year promissory note. The Company has also agreed to issue up to an additional $10,000 in Company Subordinate Voting Shares upon the occurrence or non-occurrence of certain conditions after the closing date, bringing the total potential consideration to $110 million. This acquisition, which is expected to close in the second half of 2021, is subject to certain customary closing conditions and the Company has the right to terminate the agreement within 30 days of execution under certain conditions. There can be no assurance that the acquisition will be completed.

In April 2021, the Company entered into a definitive binding agreement to acquire OhiGrow, LLC, one of 34 licensed cultivators in Ohio, and Ohio Green Grow LLC (collectively, "OhiGrow"), for total consideration of approximately $5,000 in cash, inclusive of an approximately 10,000 sq. ft. facility and 1.35 acres of land. OhiGrow will complement the soon-to-be operational 8,000 sq. ft. state-of-the-art Ohio medical cannabis processing facility, to which Jushi provides operational and consulting services. OhiGrow is expected to supply biomass to the processing facility to create manufactured medical marijuana products for sale into the wholesale market. The closing of the acquisition, which is subject to regulatory approvals, is expected to close in the third quarter of 2021. There can be no assurance that the acquisition will be completed.

In April 2021, the Company completed the acquisition of 100% of FBS NV equity which the Company has been operating under an MSA since 2019. In addition, on April 15, 2020, the remaining principal balance of the FBS NV sellers' notes of approximately $1,500 plus accrued interest was repaid in full.

In April 2021, the Company acquired 100% of the equity of Organic Solutions of the Desert, LLC ("OSD"), an operating dispensary located in Palm Springs, California, for $5,000 total consideration comprised of $1,852 cash, as adjusted for expenses, and $3,100 in promissory notes, subject to adjustments.

Property Purchases and Expansions

In May 2021, the Company purchased a 93,000 sq. ft. facility operated by its wholly-owned subsidiary and Virginia-based pharmaceutical processor, Dalitso, together with approximately nine acres of surrounding land in Prince William County, Virginia, for approximately $22,000.

On April 1, 2021, PAMS entered into an amendment of its existing lease with Innovative Industrial Properties, Inc. ("IIP"), making available an additional approximately $30,000 in funding for the first phase of property development of the grower-processor facility. The funding will be used to complete the buildout of the existing 89,000 sq. ft. building and an approximately 40,000 sq. ft. expansion of the Facility for a total of 130,000 sq. ft. The first phase of the expansion, with an estimated budget of approximately $40,000, is expected to add approximately 26,000 sq. ft. of canopy for a total of 45,000 sq. ft. and is expected to be completed by the fourth quarter of 2021, subject to regulatory approvals.

Warrants – Exercises

During the period from April 1, 2021 to May 31, 2021, the Company issued a total of 217,548 SVS and received $579 in total related proceeds, as a result of warrants exercised during this period.

Credit Facility - Jushi Europe

In January 2021, Jushi Europe entered into an additional credit agreement with an individual and received €1,000 principal amount which accrues interest at 5% per annum, payable annually in arrears, and matures on November 11, 2024. In addition, in April 2021, Jushi Europe entered into an unsecured bridge loan with the Company and an investment partner for a total of $2,141. The Company and the investment partner each contributed half of the total amount. The bridge loan accrues interest at a rate equal to the foreign marginal lending facility rate plus 25 basis points. All payments including interest are due on maturity, which is six months post issuance.