GREEN THUMB INDUSTRIES INC.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE AND SIX MONTHS ENDED June 30, 2019 AND 2018

(Expressed in United States Dollars)

Notice of No Auditor Review of Interim Condensed Financial Statements

In accordance with National Instrument 51-102, the Company discloses that its external auditors have not reviewed the accompanying unaudited interim condensed consolidated financial statements.

Green Thumb Industries Inc. (the "Company") determined that it no longer qualified as a "foreign private issuer" as such term is defined in Rule 405 under the Securities Act of 1933, which means that the Company, as of January 1, 2020, has been required to comply with all of the periodic disclosure and current reporting requirements of the Securities Exchange Act of 1934 applicable to U.S. domestic issuers, such as Forms 10-K, 10-Q and 8-K. The Company is accordingly now required to prepare its financial statements filed with the SEC in accordance with generally accepted accounting principles in the United States ("U.S. GAAP"). As required pursuant to section 4.3(4) of National Instrument 51-102 - Continuous Disclosure Obligations, the Company must restate its amended and restated interim financial reports for the fiscal year ended December 31, 2019 in accordance with U.S. GAAP, such amended and restated interim financial reports having previously been prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board. The attached unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2019 and 2018 have been prepared in accordance with U.S. GAAP and should be read in conjunction with our Annual Report on Form 10-K for the fiscal year ended December 31, 2019, filed with the SEC and Canada's System for Electronic Document Analysis and Retrieval on April 15, 2020.

Green Thumb Industries Inc.
Unaudited Interim Condensed Consolidated Balance Sheet
As of June 30, 2019 and December 31, 2018
(Amounts Expressed in United States Dollars, Except for Share Amounts)

	June 30, 2019 (unaudited)	December 31, 2018 (audited)
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 135,759,426	$ 145,986,072
Accounts Receivable	8,249,715	4,574,404
Inventories	31,660,509	12,359,064
Notes Receivable	-	3,500,000
Prepaid Expenses and Other Current Assets	3,924,901	2,642,481
Total Current Assets	179,594,551	169,062,021
Property and Equipment, Net	117,582,922	65,324,080
Right of Use Assets	29,698,686	-
Investments	32,904,734	40,933,283
Investment in Associate	-	5,850,000
Notes Receivable	5,428,542	7,424,727
Intangible Assets, Net	352,909,786	88,365,678
Goodwill	394,481,539	39,204,360
Deposits and Other Assets	2,087,169	2,184,417
TOTAL ASSETS	$ 1,114,687,929	$ 418,348,566
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ 24,180,531	$ 8,928,528
Accrued Liabilities	14,092,607	7,326,156
Current Portion of Lease Liability	3,043,517	-
Current Portion of Notes Payable	179,978	1,480,660
Liability for Acquisition of Noncontrolling Interest	-	25,420,009
Contingent Consideration Payable	52,481,516	-
Derivative Liability	4,526,401	4,238,701
Acquisition Liabilities	2,106,908	-
Income Tax Payable	1,100,000	457,585
Total Current Liabilities	101,711,458	47,851,639
Long-Term Liabilities:		
Lease Liabilities	28,417,073	-
Notes Payable, Net of Current Portion	96,131,006	5,733,797
Warrant Liability	11,334,657	-
Contingent Consideration Payable	9,809,396	9,035,250
Deferred Income Taxes	37,256,311	13,541,000
TOTAL LIABILITIES	284,659,901	76,161,686
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Subordinate Voting Shares (Shares Authorized, Issued and Outstanding at June 30, 2019: Unlimited, 109,691,758, and 109,691,758, respectively at December 31, 2018: Unlimited, 43,920,131, and 43,920,131, respectively)	-	-
Multiple Voting Shares (Shares Authorized, Issued and Outstanding at June 30, 2019: Unlimited, 498,273, and 498,273 respectively at December 31, 2018: Unlimited, 677,230, and 677,230, respectively)	-	-
Super Voting Shares (Shares Authorized, Issued and Outstanding at June 30, 2019: Unlimited, 409,764, and 409,764, respectively at December 31, 2018: Unlimited, 424,513, and 424,513, respectively)	-	-
Share Capital	950,736,500	397,590,465
Shares to be Issued	-	27,773,234
Contributed Surplus (Deficit)	(4,997,380)	14,202,659
Deferred Share Issuance	16,587,798	-
Accumulated Deficit	(131,906,235)	(100,876,937)
Equity of Green Thumb Industries Inc.	830,420,683	338,689,421
Noncontrolling interests	(392,655)	3,497,459
TOTAL EQUITY	830,028,028	342,186,880
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 1,114,687,929	$ 418,348,566

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

Green Thumb Industries Inc.
Unaudited Interim Condensed Consolidated Statements of Operations
Three and Six Months Ended June 30, 2019 and 2018
(Amounts Expressed in United States Dollars, Except for Share Amounts)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
Revenues, net of discounts	$ 44,726,777	$ 13,624,658	$ 72,639,940	$ 24,550,556
Cost of Goods Sold, net	(23,223,025)	(7,776,692)	(38,346,967)	(13,069,650)
Gross Profit	21,503,752	5,847,966	34,292,973	11,480,906
Expenses:				
Selling, General and Administrative	30,830,482	9,173,691	57,249,363	15,429,329
Total Expenses	30,830,482	9,173,691	57,249,363	15,429,329
Loss From Operations	(9,326,730)	(3,325,725)	(22,956,390)	(3,948,423)
Other Income (Expense):				
Other Income (Expense), net	(6,640,546)	34,612,194	(1,383,893)	34,845,538
Interest Income	535,894	378,082	892,724	978,082
Interest Expense, net	(5,398,054)	(466,668)	(5,849,932)	(837,773)
Total Other Income (Expense)	(11,502,706)	34,523,608	(6,341,101)	34,985,847
Income (Loss) Before Provision for Income Taxes And Non-Controlling Interest	(20,829,436)	31,197,883	(29,297,491)	31,037,424
Provision For Income Taxes	(154,333)	3,981,000	1,081,667	4,216,000
Net Income (Loss) Before Non-Controlling Interest	(20,675,103)	27,216,883	(30,379,158)	26,821,424
Net Income (Loss) Attributable to Non-Controlling Interest	216,946	24,621,861	75,947	25,238,411
Net Income (Loss) Attributable to Green Thumb Industries Inc.	$ (20,892,049)	$ 2,595,022	$ (30,455,105)	$ 1,583,013
Net Income (Loss) per share - basic and diluted	$ (0.11)	$ 0.02	$ (0.17)	$ 0.01
Weighted average number of shares outstanding - basic and diluted	182,261,947	113,492,970	174,758,602	110,527,013

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

Green Thumb Industries Inc.
Unaudited Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
Three and Six Months Ended June 30, 2019 and 2018
(Amounts Expressed in United States Dollars)

	Share Capital	Shares to Be Issued	Contributed Surplus (Deficit)	Deferred Share Issuance	Accumulated Earnings (Deficit)	Non-Controlling Interest	Total
Balance, January 1, 2018	$ 65,308,240	$ -	$ -	$ -	$ (4,249,775)	$ 3,366,350	$ 64,424,815
Conversion of notes payable into share capital	-	-	-	-	-	8,325,000	8,325,000
Reverse takeover	3,002,634	-	-	-	-	-	3,002,634
Issuance of options as settlement of services provided	(906,366)	-	906,366	-	-	-	-
Purchase accounting adjustments for 2017 acquisitions	-	-	-	-	-	(2,800,000)	(2,800,000)
Issuance of shares upon reverse takeover	65,082,283	-	-	-	-	-	65,082,283
Reverse takeover transaction costs	(4,014,585)	-	-	-	-	-	(4,014,585)
Interest on convertible note payable	434,000	-	-	-	-	-	434,000
Contributions from shareholders	49,059,965	-	-	-	-	17,020,006	66,079,971
Stock based compensation	-	-	75,324	-	-	-	75,324
Distributions to shareholders	(1,792,640)	-	-	-	-	(15,521,657)	(17,314,297)
Net loss	-	-	-	-	1,583,013	25,238,411	26,821,424
Balance, June 30, 2018	$ 176,173,531	$ -	$ 981,690	$ -	$ (2,666,762)	$35,628,110	$ 210,116,569
Balance, January 1, 2019	$ 397,590,465	$ 27,773,234	$ 14,202,659	$ -	$ (100,876,937)	$ 3,497,459	$ 342,186,880
Adoption of ASC 842, *Leases*	-	-	-	-	(498,246)	-	(498,246)
Noncontrolling interests adjustment for change in ownership	27,773,234	(27,773,234)	4,200,382	-	-	-	4,200,382
Contributions from limited liability company unit holders	-	-	-	-	-	1,650,000	1,650,000
Issuance of shares under business combinations and investments	495,483,427	-	(23,813,481)	-	-	-	471,669,946
Reciprocal derivative instrument	-	-	(4,526,401)	-	-	-	(4,526,401)
Issuance of shares for redemption of noncontrolling interests	29,889,374	-	(4,820,527)	-	-	-	25,068,847
Deferred Share Issuances	-	-	-	16,587,798	-	-	16,587,798
Stock based compensation	-	-	9,759,988	-	-	-	9,759,988
Distributions to limited liability company unit holders	-	-	-	-	-	(5,616,061)	(5,616,061)
Net loss	-	-	-	-	(30,531,052)	75,947	(30,455,105)
Balance, June 30, 2019	$ 950,736,500	$ -	$ (4,997,380)	$16,587,798	$ (131,906,235)	$ (392,655)	$ 830,028,028

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

Green Thumb Industries Inc.
Unaudited Interim Condensed Consolidated Statements of Cash Flows
Three and Six Months Ended June 30, 2019 and 2018
(Amounts Expressed in United States Dollars)

	Six Months Ended June 30,	
	2019	**2018**
	(unaudited)	*(unaudited)*
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss attributable to Green Thumb Industries Inc.	$ (30,455,105)	$ 1,583,013
Net income attributable to non-controlling interest	75,947	25,238,411
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	9,615,078	946,983
Amortization of operating lease assets	2,267,327	-
Loss on disposal of property and equipment	-	47,033
Loss from investment in associate	56,423	-
Deferred rent	-	(4,336)
Deferred income taxes	(4,131,000)	3,010,760
Stock based compensation	9,759,988	75,324
Decrease (increase) in fair value of investments	(310,674)	-
Interest on contingent consideration payable and acquisition liabilities	2,175,957	-
Decrease in fair value of warrants	-	(34,557,680)
Equity conversion and listing expenses	-	1,006,988
Decrease in fair value of convertible note receivable	1,996,185	-
Changes in value of liabilities related to put option and purchase of noncontrolling interests	(389,569)	-
Interest on convertible note payable	-	434,000
Amortization of debt discount	1,189,346	-
Changes in operating assets and liabilities:		
Accounts receivable	(542,879)	(1,410,630)
Inventory	(3,139,733)	(3,413,067)
Prepaid expenses and other current assets	(770,793)	(1,351,988)
Deposits and other assets	752,414	(6,643,672)
Accounts payable	14,205,312	614,925
Accrued liabilities	(4,270,799)	1,828,279
Operating lease liabilities	(1,885,327)	-
Income tax payable	(1,072,286)	(55,510)
NET CASH USED IN OPERATING ACTIVITIES	(4,874,188)	(12,651,167)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in debentures	-	(24,500,000)
Repayment of debenture investments	3,000,000	20,000,000
Purchases of property and equipment	(36,839,428)	(8,969,668)
Advances to related parties	-	(3,101,009)
Repayments from related parties	-	575,000
Purchases of licenses	-	(49,999)
Purchase of businesses, net of cash acquired	(66,258,102)	-
NET CASH USED IN INVESTING ACTIVITIES	(100,097,530)	(16,045,676)
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions from limited liability company unit holders	1,650,000	132,948,504
Distributions to limited liability company unit holders	(5,616,061)	(17,314,297)
Reverse takeover, private placement, and fundraise transaction financing costs	-	(4,014,585)
Proceeds from issuance of notes payable	117,435,724	825,000
Principal repayments of notes payable	(18,724,591)	(662,959)
NET CASH PROVIDED BY FINANCING ACTIVITIES	94,745,072	111,781,663
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(10,226,646)	83,084,820
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	145,986,072	29,565,497
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 135,759,426	$ 112,650,317

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

Green Thumb Industries Inc.
Unaudited Interim Condensed Consolidated Statements of Cash Flows
Three and Six Months Ended June 30, 2019 and 2018
(Amounts Expressed in United States Dollars)

	Six Months Ended June 30,	
	2019	**2018**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	$ 1,955,015	$ 830,888
OTHER NONCASH INVESTING AND FINANCING ACTIVITIES		
Purchase of property and equipment with cancellation of note receivable	$ -	$ 605,000
Conversion of notes payable into equity	$ -	$ 8,325,000
Initial consolidation of controlled entities, net of cash	$ -	$ -
Options issued for reverse takeover services	$ -	$ 906,366
Accrued capital expenditures	$ 3,100,000	$ -
Noncash increase in right of use asset	$ (22,233,609)	$ -
Noncash increase in lease liability	$ 22,731,855	$ -
Net liability upon adoption of ASC 842, *Leases*	$ (498,246)	$ -
Exercise of put option	$ 4,200,382	$ -
Warrant liability attributable to debt debt issuance	$ 11,334,657	$ -
Deferred Share Issuances	$ 16,587,798	$ -
Issuance of shares under business combinations	$ 471,409,462	$ -
Acquisitions		
Inventory	$ 12,705,211	
Accounts receivable	2,117,412	
Property and equipment	14,938,008	
Right of use assets	2,717,014	
Identifiable intangible assets	271,625,592	
Goodwill	355,192,079	
Deposits and other assets	2,582,251	
Liabilities assumed	(9,739,467)	
Contingent liabilities	(51,079,705)	
Equity interests issued	(471,409,462)	
Deferred Shares	(16,587,798)	
Conversion of note receivable previously issued	(14,132,800)	
Lease liability	(2,717,014)	
Acquisition liability	(2,106,908)	
Deferred income taxes	(27,846,311)	
	$ 66,258,102	

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

1. Overview and Basis of Presentation

(a) Description of Business

Green Thumb Industries Inc. ("Green Thumb" or the "Company") is promoting well-being through the power of cannabis through branded consumer packaged goods and people-first retail experiences, while being committed to community and sustainable profitable growth. Green Thumb owns, manufactures, and distributes a portfolio of cannabis consumer packaged goods brands including Beboe, Dogwalkers, Dr. Solomon's, incredibles, Rythm and The Feel Collection, primarily to third-party retail stores across the United States as well as to Green Thumb owned retail stores. The Company also owns and operates retail cannabis stores that include a rapidly growing national chain of retail cannabis stores called Rise^{tm}. As of June 30, 2019, Green Thumb has operating revenues in nine of its twelve markets: California, Colorado, Connecticut, Florida, Illinois, Maryland, Massachusetts, Nevada and Pennsylvania, and ramp up expenses related to the build out of new markets: New Jersey, New York and Ohio, in preparation for revenue generation over the next three to six months.

On June 12, 2018, the Company completed a reverse takeover transaction ("RTO") as further described in Note 3 of Green Thumb's Registration Statement on Form 10 for the year ended December 31, 2018 as original filed with the Securities and Exchange Commission ("SEC") on December 20, 2019 and subsequently amended on February 6, 2020 and March 5, 2020, collectively referred to as Green Thumb's ("Form 10"). Following the RTO, the Company was listed on the Canadian Securities Exchange (the "CSE") under ticker symbol "GTII" and on the OTCQX, part of the OTC Markets Group, under the ticker "GTBIF".

The Company's registered office is located at 885 West Georgia Street, Suite 2200, Vancouver, British Columbia, V6C 3E8, Canada. The Company's U.S. headquarters are at 325 W. Huron St., Suite 412, Chicago, IL 60654.

(b) Basis of Presentation

The accompanying unaudited condensed consolidated financial statements include the accounts of Green Thumb Industries Inc. and have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and in accordance with the rules and regulations of the SEC. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements and, accordingly, certain information, footnotes and disclosures normally included in the annual financial statements, prepared in accordance with GAAP, have been condensed or omitted in accordance with SEC rules and regulations. The financial data presented herein should be read in conjunction with the audited consolidated and combined financial statements and accompanying notes included in the 2018 Form 10. In the opinion of management, the financial data presented includes all adjustments necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented. Results of interim periods should not be considered indicative of the results for the full year. These unaudited condensed consolidated interim financial statements include estimates and assumptions of management that affect the amounts reported in the unaudited condensed consolidated financial statements. Actual results could differ from these estimates.

The results of operations for the three and six months ended June 30, 2019 are not necessarily indicative of the results to be expected for the entire year ending December 31, 2019.

(c) Significant Accounting Policies

There have been no changes to the Company's significant accounting policies as described in Note 2 of the Company's 2018 Form 10 other than those associated with the adoption of Accounting Standards Update 2016-02 ("ASU 2016-02"), *Leases* as further described in Note 7 – Leases.

(d) Loss per Share

Basic loss per share is calculated using the treasury stock method, by dividing the net loss attributable to shareholders by the weighted average number of common shares outstanding during each of the periods presented. Contingently issuable shares (including shares held in escrow) are not considered outstanding common shares and consequently are not included in the loss per share calculations.

(Amounts Expressed in United States Dollars, Except Where Stated Otherwise)

1. Overview and Basis of Presentation (Continued)

(e) Loss per Share (Continued)

Diluted loss per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Company has three categories of potentially dilutive common share equivalents: restricted stock units, stock options and warrants. At June 30, 2019, the Company had 4,185,972 options, 1,617,538 restricted stock units and 2,041,735 warrants outstanding. At June 30, 2018, the Company had 885,200 options, 902,000 restricted stock units and no warrants outstanding.

In order to determine diluted loss per share, it is assumed that any proceeds from the exercise of dilutive stock options would be used to repurchase common shares at the average market price during the period. The diluted loss per share calculation excludes any potential conversion of stock options and convertible debt that would decrease loss per share. As a result, the Company's calculation of basic loss per share and diluted loss per share include the same number of share equivalents for three and six months ended June 30, 2019 and 2018.

(f) Recently Adopted Accounting Standards

(i) In February 2016, the FASB issued ASU 2016-02 "Leases (Topic 842)", which requires lessees to record most leases on the balance sheet but recognize expense on the income statement in a manner similar to current accounting. For lessors, ASU 2016-02 also modifies the classification criteria and the accounting for sales-type and direct financing leases. The standard requires a modified retrospective approach for leases that exist or are entered into after the beginning of the earliest comparative period in the financial statements and is effective in the first quarter of 2019.
Upon adoption of ASU 2016-02, the Company recorded right-of-use assets of $11,197,339 and corresponding lease liabilities of $11,695,585 with the difference of $498,246 recorded in opening retained earnings. See additional discussion of the Company's leasing arrangements in Note 7 – Leases.

2. INVENTORIES

The Company's inventories include the following at June 30, 2019 and December 31, 2018:

	June 30 2019	December 31, 2018
Raw Material		
Harvested Cannabis	$ 1,276,611	$ 527,456
Packaging and Miscellaneous	5,108,754	2,511,769
Total Raw Material	6,385,365	3,039,225
Work in Process	13,941,525	5,231,630
Finished Goods	11,333,619	4,088,209
Total Inventories	**$ 31,660,509**	**$ 12,359,064**

(Amounts Expressed in United States Dollars, Except Where Stated Otherwise)

3. NOTES RECEIVABLE

Notes Receivable

On October 16, 2018, the Company executed a promissory note to an unrelated third party. The value of the note is variable in nature as the note is secured by an investment vehicle which expires in January 2021. The maturity date of the note is tied directly to the expiration date of the warrants, both being January 2021. The initial fair value upon execution of the note was $11,630,867. The fair value as of June 30, 2019 and December 31, 2018 was $5,428,542 and $7,424,727, respectively, resulting an adjustment to fair value of $(6,105,979) during the three months ended June 30, 2019 and $(1,996,185) during the six months ended June 30, 2019, which is recorded in other income (expense) on the unaudited interim condensed consolidated statement of operations. Repayment of the note is due within ten days of exercise of the underlying security, at which time it will bear interest at the lowest applicable federal rate. The principal amount due is based on the actual value of the underlying security at the time of exercise. The Company used the Black Scholes option pricing model to estimate the fair value of the note receivable using the assumptions below.

	June 30, 2019	**December 31, 2018**
Risk-free Rate	1.86%	1.86%
Exercise Price of Underlying Securities	$1.998	$1.998
Share Price of Underlying Security	C$4.43	C$5.50
Volatility	71.50%	71.50%
Remaining Life (in years)	1.50	2.0

On October 31, 2018, the Company issued a $3,000,000 promissory note to an unrelated third party. The note has a term of one year and bears interest at a rate of 8% which was repaid in June 2019.

At each reporting date, the Company applies its judgment to evaluate the collectability of the notes receivable and makes a provision based on the assessed amount of expected credit loss. This judgment is based on parameters such as interest rates, specific country risk factors, and creditworthiness of the creditor. The Company has not experienced an increase in credit risk since the initial recognition of the notes receivable. An increase or decrease to the underlying share price and volatility rate of 5% would result in a nominal change to the fair value.

4. PROPERTY AND EQUIPMENT

At June 30, 2019 and December 31, 2018, property and equipment consisted of:

Cost	Land	Buildings and Improvements	Furniture and Fixtures	Computer Equipment and Software	Leasehold Improvements	Production and Processing Equipment	Assets Under Construction	Total
As at December 31, 2018	$ 2,243,085	$ 20,861,988	$ 2,328,847	$ 2,093,205	$ 18,435,893	$ 6,579,446	$ 16,664,958	$ 69,207,422
Transfers	892,056	5,038,569	21,530	77,122	2,670,275	576,553	(9,276,105)	-
Additions	205,000	10,558,352	569,436	1,161,657	3,393,596	2,339,488	21,815,489	40,043,018
Additions from acquisitions	-	-	96,480	128,521	9,863,430	4,363,1141	382,846	14,834,418
As at June 30, 2019	$ 3,340,141	$ 36,458,909	$ 3,016,293	$ 3,460,505	$ 34,363,194	$ 13,858,628	$ 29,587,188	$ 124,084,858
Accumulated Depreciation								
As at December 31, 2018	$ -	$ 1,351,230	$ 489,956	$ 249,423	$ 1,007,998	$ 784,735	$ -	$ 3,883,342
Depreciation	-	415,046	190,592	237,795	1,006,727	768,434	-	2,618,594
As at June 30, 2019	$ -	$ 1,766,276	$ 680,548	$ 487,218	$ 2,014,725	$ 1,553,169	$ -	$ 6,501,936
Net book value								
As at December 31, 2018	$ 2,243,085	$ 19,510,758	$ 1,838,891	$ 1,843,782	$ 17,427,895	$ 5,794,711	$ 16,664,958	$ 65,324,080
As at June 30, 2019	$ 3,340,141	$ 34,692,633	$ 2,335,745	$ 2,973,287	$ 32,348,469	$ 12,305,459	$ 29,587,188	$ 117,582,922

(Amounts Expressed in United States Dollars, Except Where Stated Otherwise)

4. PROPERTY AND EQUIPMENT (Continued)

Assets under construction represent construction in progress related to both cultivation and dispensary facilities not yet completed or otherwise not ready for use.

Depreciation expense for the three and six months ended June 30, 2019 totaled $1,567,268 and $2,618,594, respectively of which $1,159,993 and $1,809,090, respectively, is included in cost of goods sold. For the three and six months ended June 30, 2018, depreciation expense totaled $559,118 and $859,863 respectively, of which $117,090 and $227,766, respectively, is included in costs of goods sold.

5. ACQUISITIONS

The Company has determined that the below acquisitions are business combinations under Accounting Standards Codification (ASC) 805, *Business Combinations.* They are accounted for by applying the acquisition method, whereby the assets acquired, and the liabilities assumed are recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. Operating results have been included in these consolidated financial statements from the date of the acquisition. Any goodwill recognized is attributed based on reporting units.

The Company completed preliminary allocations of the purchase prices of the assets acquired and liabilities assumed as follows with the assistance of an independent valuation firm. The Company is still in the process of completing the valuations. The preliminary allocations of the purchase prices were based upon preliminary valuations and our estimates and assumptions are subject to change within the purchase price allocation period (generally one year from the acquisition dates). The primary areas of the purchase price allocations that are not yet finalized relate to the valuation of the tangible and intangible assets acquired and the residual goodwill.

The following table summarizes the consideration for the acquisitions:

	Advanced Grow Labs, LLC	Integral Associates, LLC	Other Acquisitions
Cash Paid	$ 14,750,000	$ 52,807,500	$ —
Share Issuances	79,959,170	273,146,014	118,304,278
Deferred Share Issuances	5,380,000	—	11,207,798
Conversion of Previous Notes Receivable	—	—	14,132,800
Acquisition Liability	—	791,068	839,825
Contingent Consideration	12,295,000	39,985,000	9,136,000
Total Consideration	**$ 112,384,170**	**$ 366,729,582**	**$ 153,620,701**

The following table summarizes the initial accounting estimates:

	Advanced Grow Labs, LLC	Integral Associates, LLC	Other Acquisitions
Cash	$ 1,406,377	$ 744,825	$ 574,581
Inventory	1,906,828	10,107,299	691,084
Accounts Receivable	420,649	1,477,535	219,228
Property and Equipment	5,934,295	8,831,693	172,020
Right-of-Use Asset	565,336	2,127,053	24,625
Deposits and Other Assets	200,340	615,397	340,129
Intangible Assets:			
Licenses and Permits	28,920,000	130,000,000	7,500,000
Tradename	930,000	—	38,740,592
Customer Relationships	17,750,000	30,000,000	15,220,000
Non-competition Agreements	100,000	—	2,465,000
Liabilities Assumed	(1,385,632)	(7,279,338)	(2,201,330)
Lease Liability	(565,336)	(2,127,053)	(24,625)
Deferred Tax Liabilities	(12,920,000)	5,988,902	(9,928,100)
Total Identifiable Net Assets	43,262,857	180,486,313	53,793,204
Goodwill	69,121,313	186,243,269	99,827,497
Net Assets	**$ 112,384,170**	**$ 366,729,582**	**$ 153,620,701**

5. ACQUISITIONS (Continued)

Business Acquisitions:

(a) Acquisition of Advanced Grow Labs, LLC

On February 12, 2019, the Company acquired 100% of the ownership interests of Connecticut-based Advanced Grow Labs, LLC ("AGL"). AGL is licensed in Connecticut to grow and process cannabis. The acquisition includes a manufacturing license and an ownership stake in a recently awarded Connecticut-based dispensary. The transaction consideration included $14.8 million of cash, approximately 7.3 million Subordinate Voting Shares of GTI which were valued at approximately $85.1 million, based on the fair value of the securities on their date of issuance, which was the closing price of GTI's Subordinate Voting Shares as traded on the CSE on the date of the transaction. The purchase agreement also included additional consideration ranging from $0 to $15 million in shares of GTI depending upon the EBITDA results of AGL over the twelve-month period following the close of the transaction.

(b) Acquisition of Integral Associates, LLC

On June 5, 2019, the Company acquired 100% of the ownership interests of Integral Associates, LLC. The acquisition included Integral Associate's retail brand Essence, three retail locations, as well as two cultivation and processing facilities. The transaction consideration included $52.8 million paid in cash and approximately 20.8 million in Subordinate Voting Shares which were valued at $235.4 million, and an additional 3.3 million milestone shares with a fair value of $37.7 million, for a total value of $273.1 million in share issuances. The fair value of the securities was based upon the closing price of GTI's Subordinate Voting Shares as traded on the CSE on the date of the transaction. The purchase agreement includes additional consideration based upon future milestone targets. The former owners of Integral Associates may receive additional contingent consideration of up to $57 million in shares of GTI depending upon the EBITDA results of Integral Associates over the twelve-month period following the close of the transaction along with conditional and/or final dispensary operating licenses.

Other Acquisitions are substantially comprised of the following:

(c) Acquisition of For Success Holding Company

On February 21, 2019, the Company acquired 100% of the ownership interests of For Success Holding Company, the Los Angeles-based creator of the lifestyle suite of Beboe branded products. Beboe is currently available in certain retail locations in California and Colorado and via home delivery across California. The acquisition was an all stock transaction whereby consideration was satisfied through the issuance 6,463,553 of GTI Subordinate Voting Shares (including 793,448 deferred shares) which were valued at $94.5 million, based on the fair value of the securities on their date of issuance, which was the closing price of GTI's Subordinate Voting Shares as traded on the CSE on the date of the transaction. The purchase agreement also includes additional consideration ranging from $0 to $15 million in cash or shares of GTI subject to Beboe achieving the placement of its products in specified retailers during the twelve months post acquisition.

(d) MC Brands, LLC

On June 27, 2019, the Company acquired the remaining 75% interest in MC Brands, LLC which is based in Colorado through the issuance of 1.7 million Subordinated Voting Shares valued at $19.4 million. The transaction was accounted for as an asset acquisition.

(Amounts Expressed in United States Dollars, Except Where Stated Otherwise)

6. INTANGIBLE ASSETS

At June 30, 2019 and December 30, 2018, intangible assets consisted of the following:

	Licenses and Permits	Tradenames	Customer Relationships	Non-Competition Agreements	Total
Cost					
As at December 31, 2018	$ 89,705,213	$ 360,000	$ 820,000	$ 20,480	$ 90,905,693
Additions from acquisitions	166,335,000	39,670,592	62,970,000	2,565,000	271,540,592
As at June 30, 2019	$ 256,040,213	$ 40,030,592	$ 63,790,000	$ 2,585,480	$ 362,446,285
Accumulated Amortization					
As at December 31, 2018	$ 2,322,715	$ -	$ 204,500	$ 12,800	$ 2,540,015
Amortization	4,854,197	526,333	1,347,667	268,287	6,996,484
As at June 30, 2019	$ 7,176,912	$ 526,333	$ 1,552,167	$ 281,087	$ 9,536,499
Net book value					
As at December 31, 2018	$ 87,382,498	$ 360,000	$ 615,500	$ 7,680	$ 88,365,678
As at June 30, 2019	$ 248,863,301	$ 39,504,259	$ 62,237,833	$ 2,304,393	$ 352,909,786

Intangible assets with finite lives are amortized over their estimated useful lives. The Company recorded amortization expense for the three and six months ended June 30, 2019 of $4,747,944 and $6,996,484, respectively. The Company recorded amortization expense for the three and six months ended June 30, 2018, of $43,560 and $87,120, respectively. Amortization periods of assets with finite lives are based on management's estimates at the date of acquisition.

The following table outlines the estimated annual amortization expense related to intangible assets as of June 30, 2019:

Year Ending December 31	Estimated Amortization
Remainder of 2019	$ 14,256,887
2020	28,923,775
2021	28,240,442
2022	28,209,886
2023	28,207,108
Thereafter	225,071,688
	$ 352,909,786

7. LEASES

(a) Operating Leases Under Accounting Standards Update No. 2016-02

In February 2016, the FASB issued Accounting Standards Update No. 2016-02 "Leases (Topic 842)" ("ASU 2016-02"), which requires lessees to put most leases on the balance sheet but recognize expense on the income statement in a manner similar to current accounting. On January 1, 2019, the Company adopted the standard and all related amendments, using the optional transition method (modified retrospective approach) applied to leases at the adoption date. Under the modified retrospective approach, comparative periods have not been restated and continue to be reported under the accounting standards in effect for those periods. Additionally, an adjustment was recorded to retrained earnings to account for the initial adoption of the standard.
The Company elected the optional package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs. The Company also elected the practical expedient to not separate lease components from non-lease components for real estate leases. As a result of the adoption of ASU 2016-02, the Company recorded right-of-use assets of $11,197,339 and corresponding lease liabilities of $11,695,585 with the difference of $498,246 recorded in opening retained earnings.

(Amounts Expressed in United States Dollars, Except Where Stated Otherwise)

7. LEASES *(Continued)*

The Company has operating leases for certain Rise and Essence retail dispensaries located throughout the US and processing and cultivation facilities in Connecticut, Florida, Massachusetts, Maryland, Nevada, New York and Pennsylvania as well as corporate office space in Illinois and Nevada. Operating lease ROU assets and operating lease liabilities are recognized based on the present value of future minimum lease payments over the lease term at commencement date.

Upon adoption of ASU 2016-02, ROU assets were adjusted for deferred rent and prepaids as of January 1, 2019. Lease expense is recognized on a straight-line basis over the expected lease term. The Company's incremental borrowing rate is used in determining the present value of future payments at the commencement date of the lease, or for the adoption of ASU 2016-02, at January 1, 2019. Balances related to operating leases are included in ROU assets and noncurrent lease liabilities on the consolidated balance sheet.

All real estate leases are recorded on the balance sheet. Equipment and other non-real estate leases with an initial term of twelve months or less are not recorded on the balance sheet. Lease agreements for some locations provide for rent escalations and renewal options. Many leases include one or more options to renew the lease at the end of the initial term. The Company considered renewals in its ROU assets and operating lease liabilities. Certain real estate leases require payment for taxes, insurance and maintenance which are considered non-lease components. The Company accounts for real estate leases and the related fixed non-lease components together as a single component.

The Company determines if an arrangement is a lease at inception. The Company must consider whether the contract conveys the right to control the use of an identified asset. Certain arrangements require significant judgment to determine if an asset is specified in the contract and if the Company directs how and for what purpose the asset is used during the term of the contract.

For the three months ended and six months ended June 30, 2019, the Company recorded $1,362,271 and $2,267,327, respectively, in operating lease expense.

Other information related to operating leases as of and for the three months ended June 30, 2019 were as follows:

	As of June 30, 2019
Weighted average remaining lease term	8.78
Weighted average discount rate	12.0%

Maturities of lease liabilities for operating leases as of June 30, 2019 were as follows:

	Maturities of Lease Liability		
Year Ending December 31	Third Party	Related Party	Total
Remainder of 2019	$ 2,795,338	$ 684,176	$ 3,479,514
2020	4,949,748	1,392,233	6,341,981
2021	4,961,606	1,424,852	6,386,458
2022	4,433,978	1,458,247	5,892,225
2023	4,175,357	1,492,438	5,667,795
2024 and Thereafter	12,971,831	12,908,654	25,880,487
Total Lease Payments	34,287,858	19,360,600	53,648,458
Less: Interest	(12,146,854)	(10,041,014)	(22,187,868)
Present Value of Lease Liability	**$ 22,141,004**	**$ 9,319,586**	**$ 31,460,590**

(Amounts Expressed in United States Dollars, Except Where Stated Otherwise)

7. LEASES *(Continued)*

(b) Related Party Operating Leases

During 2019, Green Thumb entered into three related party transactions with respect to its leasing arrangements for three Green Thumb facilities in Florida, Illinois and Nevada.

With respect to leasing arrangements in Florida and Illinois, Wendy Berger, a director of the Company, is a principal of WBS Equities, LLC, which is the Manager of Mosaic Real Estate, LLC. Additionally, Mosaic Real Estate, LLC is owned in part by Ms. Berger (through the Wendy Berger 1998 Revocable Trust), Benjamin Kovler, the Chief Executive Officer and a director of the Company (through KP Capital, LLC), and Mr. Georgiadis, the Chief Financial Officer and a director of the Company (through Three One Four Holdings, LLC). The terms of these leases range from 7 years to 15 years. For the three months and six months ended June 30, 2019 the Company recorded lease expense of $148,226 and $191,735, respectively, associated with these lease arrangements.

In addition to the leases entered into in 2019, the Company had pre-existing operating leases with the same related parties for three dispensaries located in Maryland, Nevada and Massachusetts. These leases commenced in 2017 and have terms of 7 to 15 years. For the three months and six months ended June 30, 2019 lease expense associated with these leases was $138,128 and $276,256, respectively.

In connection with the Company's acquisition of Integral Associates, LLC, the Company, through a subsidiary, leases property from Durango Teco Partners, LLC, in Nevada for an Essence retail store. The lease has a ten year term. Durango Teco Partners, LLC is owned in part by Armeco capital LLC, which is in turn owned in part by Alejandro Yemenidjian, a former owner of Integral Associates, LLC and a current director of the Company. For the three months and six months ended June 30, 2019, the Company recorded lease expense of $8,860 associated with this lease.

Disclosures related to period prior to adoption of ASU 2016-02

Future minimum rental commitments under non-cancelable operating leases as of December 31, 2018 were expected to be as follows:

Year Ending December 31	Third Parties	Related Parties	Total
2019	$ 1,188,865	$ 574,477	$ 1,763,342
2020	1,127,754	585,966	1,713,720
2021	1,123,769	597,686	1,721,455
2022	1,040,481	504,255	1,544,736
2023	1,067,783	366,802	1,434,585
2024 and Thereafter	3,119,021	695,291	3,814,312
Total Future Minimum Lease Payments	**$ 8,667,673**	**$ 3,324,477**	**$ 11,992,150**

8. NOTES PAYABLE

At June 30, 2019 and December 31, 2018, notes payable consisted of the following:

		June 30, 2019		December 31, 2018
Promissary note dated October 2, 2017, in the original amount of $2,250,000 issued to accredited investors, which matures October 1, 2022; monthly payments of $55,611 including interest at 12.0% per annum	$	-	$	2,007,256
Promissary note dated October 2, 2017, in the original amount of $5,000,000 issued to accredited investors, which matures October 1, 2022; monthly payments of $112,490 including interest at 12.5% per annum		-		4,084,885
In connection with an acquisition completed in 2017, the Company is required to make quarterly charitable contributions of $50,000 through October 2024. The net present value of these required payments has been recorded as a liability with an interest rate of 2.17%		989,866		1,122,316
Private placement debt dated May 22, 2019, in the original amount of $105,466,429, which matures on May 22, 2022. The debt was issued at a discount, the carrying value of which is $10,145,311 as of June 30, 2019, and bears interest of 12.00% per annum.		95,321,118		-
Total notes payable		96,310,984		7,214,457
Less: current portion of notes payable		(179,978)		(1,480,660)
Notes payable, net of current portion	**$**	**96,131,006**	**$**	**5,733,797**

(a) Bridge Financing

On April 12, 2019, the Company completed a private placement of $12,500,000 in six-month senior secured promissory notes. These Notes included Warrants to purchase 218,964 Subordinate Voting Shares at an exercise price of CAD $22.90, which can be exercised 42 months after the closing.

The exercise price of the warrants is denominated in Canadian dollars whereas the Company's functional currency is USD. As such, upon issuance, the Company recorded an additional amount to debt discount and warrant liability of $1,2913188 which was measured at fair value.

On May 22, 2019, the Company repaid the full principal amount and accrued interest of $12,645,833 for the Bridge Notes. The Company recognized $1,391,188 in accretion expense on settlement of the repayment during the quarter.

8. NOTES PAYABLE (Continued)

(b) Private Placement Financing

On May 22, 2019, the Company completed a private placement of $105,466,429 in three-year senior secured promissory notes and extinguished the bridge notes issued on April 12, 2019 and the promissory notes dated October 2, 2017 in the original amounts of $2,500,000 and $5,000,000. The Company has the right to draw an additional $44,533,571 from the lenders at any time within 180 days of closing. The Company also has the sole discretion to extend the financing an additional twelve months. The notes accrue interest at an annual rate of 12.0%, payable on a quarterly basis commencing June 30, 2019. For the six months ended June 30, 2019, the Company recognized $1,371,064 in interest expense associated with the promissory notes and $328,862 in accretion expense.

As part of the transactions, the purchasers of the promissory notes also received warrants to purchase 1,822,771 Subordinate Voting Shares at an exercise price of CAD $19.39, which can be exercised 60 months after the closing of the transaction. The exercise price of the warrants is denominated in Canadian dollars whereas the Company's functional currency is USD. As such, upon issuance, the Company recorded an additional amount to debt discount and warrant liability of $10,043,468 which was measured at fair value.

9. INCOME TAXES

The following table summarizes the Company's income tax expense and effective tax rates for the three and six months ended June 30, 2019 and June 30, 2018:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Income before Income Taxes	$ (20,829,436)	$ 31,197,883	$ (29,297,579)	$ 31,037,424
Income Tax Expense	(154,333)	3,981,000	1,081,667	4,216,000
Effective Tax Rate	0.74%	12.76%	-3.69%	13.58%

The effective tax rates for the three and six months ended June 30, 2019 and June 30, 2018 were based on the Company's forecasted annualized effective tax rates and were adjusted for discrete items that occurred within the periods presented.

Due to its cannabis operations, the Company is subject to the limitations of Internal Revenue Code ("IRC") Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E.

The effective tax rate for the three and six months ended June 30, 2019 varies widely from the three and six months ended June 30, 2018 primarily due to the Company reporting pre-tax loss in 2019 as opposed to pre-tax income in 2018. The large amount of nondeductible expenses incurred by the Company subject to IRC Section 280E, was the driver for income tax expense being incurred in a pre-tax loss quarter for 2019 and 2018.

The Company is subject to income taxes in the United States and Canada. Significant judgment is required in evaluating the Company's uncertain tax positions and determining the provision for income taxes. The Company's gross unrecognized tax benefits were $0.8 million and $0 as of June 30, 2019 and June 30, 2018, respectively.

The federal statute of limitation remains open for the 2017 tax year to the present. The state income tax returns generally remain open for the 2016 tax year through the present. Net operating loss arising prior to these years are also open to examination if and when utilized.

(Amounts Expressed in United States Dollars, Except Where Stated Otherwise)

10. INVESTMENTS

The Company participated in various fundraises of other cannabis companies throughout the year. The investments include convertible notes with terms to maturity ranging from 1 to 2 years that carry simple interest ranging from 2.55% to 6.00% per annum and convert into common shares at pre-defined numbers of units. Management estimated that market interest rates on similar borrowings without the conversion feature was approximately 15% and has used an implied volatility of 100% in measuring the fair value. The fair value of these investments is $21,824,00 at June 30, 2019.

The Company also made direct equity investments during the year. Management estimated that market yields were approximately 15% and used an implied volatility of 100% in measuring the fair value. The fair value of these investments is $11,080,734 at June 30, 2019.

All of these investments are measured at fair value for financial reporting purposes. As these convertible notes (as described above) and equity investments are not traded in an active market, their fair values are estimated by using market data. Any resulting change in fair value is reflected on the unaudited interim condensed consolidated statement of operations and comprehensive loss under the classification Other (Income) Expense.

Management estimates that the market interest rate on similar borrowings without the conversion feature was approximately 15% and has used an implied volatility of 100% in valuing the convertibility feature.

	Convertible Notes Receivable	Equity	Total
Balance at December 31, 2018	$ 30,336,000	$ 10,597,283	$ 40,933,283
Fair value adjustment	(843,000)	483,451	(359,549)
Applied to consideration in business combination	(7,669,000)	-	(7,669,000)
Balance at June 30, 2019	**$ 21,934,071**	**$ 11,080,734**	**$ 32,904,734**

11. INVESTMENT IN ASSOCIATE

The Company’s investments in associates are as follows:

Investment in associates	Jurisdiction	Interest
MC Brands, LLC	Colorado	25%

During 2018, the Company acquired a 25% interest in MC Brands, LLC, a Colorado based intellectual property business that licenses its edibles and extracts brand and product formulation to various cannabis operators. In June 2019, the Company acquired the remaining ownership interests of MC Brands, LLC. See Note 7 for details.

12. SHARE CAPITAL

(a) Authorized

(i) Subordinate Voting Shares

The holders of the Subordinate Voting Shares are entitled to receive dividends which may be declared from time to time, and are entitled to one vote per share at shareholder meetings of the Company. All Subordinate Voting Shares are ranked equally with regard to the Company's residual assets. The Company is authorized to issue an unlimited number of no par value Subordinate Voting Shares. During the six months ended June 30, 2019, the shareholders of the Company converted 209,957 Multiple Voting Shares into 20,995,700 Subordinate Voting Shares and 14,749 Super Voting Shares into 1,474,900 Subordinate Voting Shares.

(Amounts Expressed in United States Dollars, Except Where Stated Otherwise)

10. SHARE CAPITAL (Continued)

(ii) Multiple Voting Shares

Each Multiple Voting Share is entitled to one hundred votes per share at shareholder meetings of the Company and is exchangeable for 100 Subordinate Voting Shares. At June 30, 2019, the Company has 498,273 issued and outstanding Multiple Voting Shares, which convert into 49,827,300 Subordinate Voting Shares. The Company is authorized to issue an unlimited number of Multiple Voting Shares. During the six months ended June 30, 2019, the shareholders of the Company converted 209,957 Multiple Voting Shares into 20,995,700 Subordinate Voting Shares.

(iii) Super Voting Shares

Each Super Voting Share is entitled to one thousand votes per share at shareholder meetings of the Company and is exchangeable for 100 Subordinate Voting Shares. The Company has 409,764 issued and outstanding Super Voting Shares which converts into 40,976,400 Subordinate Voting Shares. The Company is authorized to issue an unlimited number of Super Voting Shares. During the six months ended June 30, 2019, the shareholders of the Company converted 14,749 Super Voting Shares into 1,474,900 Subordinate Voting Shares.

(b) Issued and Outstanding

A reconciliation of the beginning and ending amounts of the issued and outstanding shares by class is as follows:

	Issued and Outstanding		
	Subordinate Voting Shares	Multiple Voting Shares	Super Voting Shares
As of December 31, 2018	43,920,131	677,230	424,513
Issued in connection with			
business combinations	39,549,734	-	-
controlling interests	-	31,000	-
Issuance of shares for redemption			
of noncontrolling interests	3,751,293	-	-
Exchange of shares	22,470,600	(209,957)	(14,749)
As at June 30, 2019	**109,691,758**	**498,273**	**409,764**

(c) Deferred Shares Issuance

In relation to certain acquisitions as described in Note 5 - Acquisitions, certain transactions involved consideration in the form of deferred shares which are to be issued to the previous owners of each respective entity at a date post acquisition. The following is a summary of the shares to be issued as of June 30, 2019:

		June 30, 2019		
Transaction	**Date of Transaction**	**Units**		**Value**
Advanced Grow Labs, LLC	February 12, 2019	472,500	$	5,380,000
For Success Holdings, LLC	February 21, 2019	793,448		9,900,000
Rise Canton	May 15, 2019	101,695		1,307,798
		1,367,643	$	**16,587,798**

The deferred shares for each acquisition are to be issued upon the passage of 12-24 months from the close of each respective transaction as defined within each agreement. The value associated with the deferred shares is recorded within the Company's consolidated statement of shareholders' equity as of June 30, 2019.

(Amounts Expressed in United States Dollars, Except Where Stated Otherwise)

10. SHARE CAPITAL (Continued)

(d) Stock-Based Compensation

In June 2018, the Company established the GTII Stock and Incentive Plan (the "Plan"). The maximum number of shares issued under the Plan shall not exceed 10% of the issued and outstanding shares. Option and RSU grants generally vest over one to three years, and Options typically have a life of ten years. Option grants are determined by the Compensation Committee of the Board with the option price set at no less than 100% of the fair market value of a share on the date of grant. The continuity of stock options is as follows:

	Number of Shares	Weighted Average Exercise Price (C$)	Weighted Average Contractual Life	Aggregate Intrinsic Value
Balance as at December 31, 2018	1,677,192	13.23	8.72	$ 27,968
Granted	2,959,735	18.93	8.45	
Forfeited	(451,000)	13.20	9.83	
Balance as at June 30, 2019	2,411,192	17.24	8.41	-
Vested	140,000	14.55	8.50	
Exercisable at June 30, 2019	131,192	7.74	2.00	$ 577,995

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the Company's closing stock price on June 30, 2019 and December 31, 2018, respectively, and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their in-the-money options on June 30, 2019 and December 31, 2018. This amount will change in future periods based on the fair market value of the Company's stock and the number of options outstanding. There were no options exercised for six months ended June 30, 2019 and 2018.

The Company used the Black-Scholes option pricing model to estimate the fair value of the options at the grant date using the following ranges of assumptions:

Risk Free Interest Rate	1.39% - 2.33%
Expected Dividend Yield	0%
Expected Volatility	81%-100%
Expected Option Life	3-10 years

As the Company became publicly traded in June 2018, sufficient historical trading information was not available to determine an expected volatility rate. The volatility rate was based on comparable companies within the same industry.

The following table summarizes the number of non-vested restricted stock unit awards as of June 30, 2019 and December 31, 2018 and the changes during the six months ended June 30, 2019:

	Number of Shares	Weighted Average Grant Date Fair Value (C$)
Non-vested RSUs at December 31, 2018	1,589,000	10.28
Granted	1,032,954	8.79
Forfeited	(55,000)	14.53
Vested	(948,916)	12.31
Non-vested RSUs at June 30, 2019	1,617,538	11.17

(Amounts Expressed in United States Dollars, Except Where Stated Otherwise)

12. SHARE CAPITAL (Continued)

(d) Stock-Based Compensation (Continued)

The stock-based compensation expense for the three and six months ended June 30, 2019 and 2018 was as follows:

	For the three Months Ended June 30,		For the Six Months Ended June 30,	
	2019	2018	2019	2018
Stock options expense	$ 286,234	$ 75,423	$ 1,074,368	$ 75,423
Restricted Stock Units	3,628,954	-	8,685,620	-
Total Stock Based Compensation Expense	$ 3,915,188	$ 75,423	$ 9,759,988	$ 75,423

(e) Changes in Ownership of Noncontrolling Interests

(i) Acquisition of Noncontrolling Interest in KW Ventures Holdings, LLC (Firefly)

On January 1, 2019, the Company closed on its acquisition of KW Ventures Holdings, LLC (Firefly). The acquisition was an all stock transaction whereby consideration was satisfied through the issuance of 542,416 Subordinate Voting Shares at a fair value of $5,364,048. In addition to the shares issued on January 1, 2019 an additional 48,450 Subordinate Voting Shares with a fair value of $434,069 were held back as part of the closing agreement. The value of those shares was recorded as a current liability and included within Accrued Liabilities on the consolidated balance sheet as of June 30, 2019. Such shares were distributed to the noncontrolling interest members in February 2020.

Prior to January 1, 2019, 100% of Firefly was owned by the noncontrolling interest members. However, GTI considered Firefly to be a variable interest entity and accordingly, consolidated Firefly within GTI's consolidated financial statements as GTI was determined to be the primary beneficiary of the operations of Firefly and GTI possessed the power to direct the activities of Firefly through a management services agreement. Consequently, when GTI acquired the noncontrolling interest, there was no change in control, and as a result, no gain or loss was recognized nor was there any excess purchase price recorded as a result of the transaction. The transaction resulted in an increase to share capital and a reduction to noncontrolling interest of $552,472. During 2019, GTI also made contributions to Firefly of $444,046 to cover the noncontrolling interest member's 2018 tax liability.

(ii) Acquisition of Noncontrolling Interest in GTI Ohio, LLC

On April 19, 2019, GTI Core, LLC, a wholly owned subsidiary of Green Thumb Industries Inc. entered into a membership interest purchase agreement with George Management Ltd. (George Management) to acquire 59% of the 60% interest that George Management held in the Retail and Processing License. On June 7, 2019, GTI consummated the acquisitions through the issuance of 1,233,014 Subordinate Voting shares with a fair value of $13,980,441 as well as $5,150,000 in cash of which $1,650,000 was contributed by George Management during the second quarter of 2019 as part of a capital call.

As part of the purchase agreement, and in consideration of the cultivation license for which GTI held a 40% interest as of the date of the purchase agreement, the Company and George Management entered into a reciprocal purchase agreement that would allow GTI to purchase the remaining 59% interest through a call option or, alternatively, allow George Management to put the 59% interest to GTI. The option may only be exercised in the event the Ohio Department of Commerce approves GTI's cultivation license application. GTI evaluated the reciprocal purchase option and determined that it represented a derivative liability that required remeasurement on a periodic basis with changes in fair value recorded through the statement of operations. As of June 30, 2019, the Company recognized a derivative liability of $4,526,401 on the consolidated balance sheet using a Black Scholes option pricing model.

12. SHARE CAPITAL (Continued)

(f) Changes in Ownership of Noncontrolling Interests *(Continued)*

(iii) Acquisition of Noncontrolling Interest in GTI New Jersey, LLC

On April 23, 2019, the Company closed on its acquisition of GTI New Jersey, LLC to acquire the remaining 16% interest held by unrelated third parties. The acquisition was an all stock transaction whereby consideration was satisfied through the issuance of 671,317 Subordinate Voting Shares at a fair value of $5,766,613. Prior to April 23, 2019, 16% of GTI-NJ was owned by the noncontrolling interest members. However, GTI considered GTI-NJ to be a variable interest entity and accordingly, consolidated GTI-NJ within GTI's consolidated financial statements as GTI was determined to be the primary beneficiary of the operations of GTI-NJ and GTI possessed the power to direct the activities of GTI-NJ through a management services agreement. Consequently, when GTI acquired the noncontrolling interest, there was no change in control, and as a result, no gain or loss was recognized nor was there any excess purchase price recorded as a result of the transaction. The transaction resulted in an increase to share capital and a reduction to noncontrolling interest of $570,078. As part of the acquisition of GTI New Jersey, LLC, the Company also agreed to award the previous owners of the entity $1,000,000 in Subordinate Voting Shares for each additional dispensary successfully opened, up to a $3,000,000 cap. However, the ambiguity in cannabis regulations in the state of New Jersey make it unknown whether the Company would be allowed to open and operate additional dispensaries. Given the uncertainty surrounding the Company's ability to open and operate additional dispensaries, the Company has considered the possibility of successful openings to be unlikely, and as such no amount has been recorded on the consolidated balance sheet as an obligation as of June 30, 2019.

13. NONCONTROLLING INTERESTS PUT AND CALL OPTIONS

The Company has entered into agreements with certain of its noncontrolling interests whereby the agreements contain a put option, which provides the holder with the right to require the Company to purchase their retained interest for deemed fair market value at the time the put is exercised. The Company has also negotiated reciprocal call options, which would require the same non-controlling interests to sell their retained interest to the Company for deemed fair market value at the time the call is exercised. These symmetrical put and call options are exercisable anytime after January 2, 2019.

The net liability recognized in connection with these put and call options has been estimated using the Black Scholes options pricing model. The assumptions used in the calculating the fair value include a risk free rate of 2.44%, volatility of 100%, an expected term of 30 days, and a share price of $8.07. Upon initial recognition, the Company recorded a derivative liability of $7,078,792. For the year ended December 31, 2018, the Company recorded a gain of $2,869,342 on revaluation of the derivative liability, which is included other income on the consolidated statement of operations. The value of the derivative at December 31, 2018 is $4,238,701 and is recorded as a derivative liability on the consolidated balance sheet. The options were exercised on January 7, 2019

(Amounts Expressed in United States Dollars, Except Where Stated Otherwise)

14. COMMITMENTS AND CONTINGENCIES

(a) Contingencies

The Company's operations are subject to a variety of local and state regulation. 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 in that specific state or local jurisdiction. While management of the Company believes that the Company is in compliance with applicable local and state regulations at June 30, 2019 and December 31, 2018, cannabis regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

(b) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At June 30, 2019 and December 31, 2018, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's consolidated operations. 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.

(c) Construction Commitments

As of June 30, 2019, the Company held approximately $9,549,000 of open commitments to contractors on work being performed.

15. SEGMENT REPORTING

The Company operates in two segments: the cultivation, production and sale of cannabis via retail stores (wholesale), and retailing of cannabis to patients and consumers (retail). The below table presents revenues by type for the three and six months ended June 30, 2019 and 2018:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenues, Net of Discounts				
Consumer Packaged Goods	23,063,374	6,209,423	36,558,111	11,292,703
Retail	25,851,990	8,947,946	41,969,358	16,110,980
Intersegment Eliminations	(4,188,587)	(1,532,711)	(5,887,529)	(2,853,127)
Total Revenues, net of discounts	**44,726,777**	**13,624,658**	**72,639,940**	**24,550,556**

Goodwill assigned to the Consumer Packaged Goods segment as of June 30, 2019 and December 31, 2018 was $275,750,633 and $23,918,000, respectively. Intangible assets, net assigned to the Consumer Packaged Goods segment as of June 30, 2019 and December 31, 2018 was $231,329,210 and $46,540,000, respectively.

Goodwill assigned to the Retail segment as of June 30, 2019 and December 31, 2018 was $118,730,906 and $15,286,360, respectively. Intangible assets, net assigned to the Retail segment as of June 30, 2019 and December 31, 2018 was $121,580,576 and $41,825,678, respectively.

The Company's assets are aggregated into two reportable segments (retail and wholesale). For the purposes of testing goodwill, GTI has identified 18 reporting units. The Company analyzed it's reporting units by first reviewing the operating segments based on the geographic areas in which GTI conducts business (or each market). The markets were then further divided into reporting units based on the market operations (retail and wholesale) which were primarily determined based on the licenses each market holds. All revenues are derived from customers domiciled in the United States and all assets are located in the United States.

16. SUBSEQUENT EVENTS

(a) Acquisition of Fiorello Pharmaceuticals, Inc.

On August 23, 2019, the Company closed on a transaction to acquire New York-based Fiorello Pharmaceuticals, Inc. The consideration paid includes $46,000,000 of cash and 1,700,000 of the Company's Subordinate Voting Shares. The acquisition includes the license and assets for one cultivation, one processing, and four retail facilities in New York.

(a) Debt Issuance

(i) Modification of Private Placement Financing

On November 9, 2019, the Company amended the May 22, 2019 Private Placement Financing to allow for additional financing through sales lease back arrangements and to clarify certain aspects of the financing agreement with the lenders. Specifically, the calculation of the effective interest rate on the note was clarified to refer to a 365-day calendar year rather than LIBOR-based 360-day year. The result of this change was a reduction in the effective interest rate by approximately 16 basis points (from 12.16% to 12.0%). The Amendment also reduced the borrowing capacity from $150,000,000 to $130,000,000, which allows the Company to borrow an additional $24,533,571 over a period of 12 months from the closing date of the Note Purchase Agreement.

As part of this transaction, the Company issued 365,076 warrants allowing the lenders to purchase Subordinate Voting Shares at an exercise price of C$12.04, which can be exercised 60 months following the close of the transaction. The exercise price of the warrants is denominated in Canadian dollars whereas the Company's functional currency is USD. As such, upon issuance, the Company recorded an additional amount to debt discount and warrant liability of $2,304,874 which was measured at fair value. The Company did not incur any other fees related to the amendment.

(c) Sales Lease Back Transactions

(i) Danville Sales Lease Back

On November 12, 2019, the Company closed on a sale and lease back transaction to sell its Danville, Pennsylvania cultivation and processing facility to IIP. Under a long-term agreement, the Company will lease back the facility and continue to operate and manage it. The purchase price for the property was $20,300,000, excluding transaction costs. The Company is also expected to make certain improvements to the property that will significantly enhance production capacity, for which IIP has agreed to provide reimbursement of up to $19,300,000. Assuming full reimbursement for such improvements, IIP's total investment in the property will be $39.6 million. The lease was recorded as an operating lease and resulted in a right of use asset and related lease liability of $25,165,505 each and was recorded net of the improvements allowance of $19,300,000.

16. SUBSEQUENT EVENTS (Continued)

(c) Sales Lease Back Transactions

(i) Toledo Sales Lease Back

On January 31, 2020, the Company closed on a sale and lease back transaction to sell its Toledo, Ohio cultivation and processing facility to IIP. Under a long-term agreement, the Company will lease back the facility and continue to operate and manage it. The purchase price for the property was $2,900,000, excluding transaction costs. The Company is also expected to make certain improvements to the property that will significantly enhance production capacity, for which IIP has agreed to provide reimbursement of up to $4,300,000. Assuming full reimbursement for such improvements, IIP's total investment in the property will be $7,200,000. The lease was recorded as an operating lease and resulted in a right of use asset of $3,583,263, related lease liability of $3,550,799 and was recorded net of the improvements allowance of $4,300,000.

(ii) Oglesby Sales Lease Back

On March 6, 2020, the Company closed on a sale and lease back transaction to sell its Oglesby, Illinois cultivation and processing facility to IIP. Under a long-term agreement, the Company will lease back the facility and continue to operate and manage it. The purchase price for the property was $9,000,000, excluding transaction costs. The Company is also expected to make certain improvements to the property that will significantly enhance production capacity, for which IIP has agreed to provide reimbursement of up to $41,000,000. Assuming full reimbursement for such improvements, IIP's total investment in the property will be $50,000,000. The lease was recorded as an operating lease and resulted in a right of use asset and related lease liability of $26,828,221 and was recorded net of the improvements allowance of $41,000,000.