FORM 51-102F4
BUSINESS ACQUISITION REPORT

ITEM 1. IDENTITY OF COMPANY

1.1. Name and Address of Company

Jushi Holdings Inc. (the "**Company**")
1800 NW Corporate Blvd, Suite 200
Boca Raton, Florida 33431

1.2. Executive Officer

The following executive officer of the Company is knowledgeable about the Acquisition (as defined below) and this report:

Mrs. Kimberly Bambach
Chief Financial Officer Telephone: (561) 288-1915

ITEM 2. DETAILS OF ACQUISITION

2.1. Nature of Business Acquired

All amounts in this business acquisition report are stated in U.S. dollars.

Franklin BioScience – Penn LLC ("FBS-Penn") was organized under the laws of the Commonwealth of Pennsylvania on October 19, 2016 as a subsidiary of Franklin BioScience, LLC, primarily to engage in the state-licensed business of retail of medical products derived from cannabis in Pennsylvania.

FBS-Penn is a Medical Marijuana Dispensary Permit holder in Pennsylvania under the Medical Marijuana Program overseen by the Pennsylvania Department of Health. The Company's dispensary serves only medical customers.

2.2. Date of Acquisition

July 10, 2019.

2.3. Consideration

On July 10, 2019, the Company acquired 100% of the equity interests of FBS-Penn (the "Acquisition"). Total consideration paid was approximately $63,000,000 consisting of $27,110,000 in cash $27,500,000 in promissory notes secured by a first priority security interest in the Company, and the issuance of 3,380,000 subordinate voting shares to the sellers, of which 1,500,000 shares were issued subject to certain escrow provisions. The promissory notes are due in tranches with $10,000,000 due on September 30, 2019, $7,500,000 due March 9, 2020, $5,000,000 due September 9, 2020, and $5,000,000 due March 9, 2021. The notes bear interest of 10% per annum, payable at tranche maturity. Of the $27,500,000 in secured notes, $10,000,000 are convertible at the option of the holders on or before September 30, 2019, into subordinate voting shares of the Company at a conversion price of $3.30 per share. The shares subject to the escrow provisions will be released from escrow to the registered holders on the six-month anniversary of the acquisition.

2.4. Effect on Financial Position

The expected effect of the acquisition on the Company's financial position is outlined in the unaudited pro forma combined financial statements of the Company included with this business acquisition report.

The Company does not currently have any plans or proposals for material changes in the business acquired pursuant to the Acquisition which may have a significant impact on the financial performance and financial position of the Company, including any proposal to sell, lease or exchange all or a substantial part of the business acquired pursuant to the Acquisition or to make any material changes to the Company's business.

Upon completion of the Acquisition, FBS-Penn became a wholly-owned subsidiary of the Company. The business and operations of FBS-Penn have been combined with those of the Company.

2.5. Prior Valuations

To the knowledge of the Company, no valuation opinion was required by securities legislation or a Canadian exchange or market within the last 12 months to support the consideration paid by the Company pursuant to the Acquisition.

2.6. Parties to Transaction

The Acquisition was not with an informed person (as that term is defined in section 1.1 of National Instrument 51-102 – *Continuous Disclosure Obligations*), associate or affiliate of the Company.

2.7. Date of Report

September 23, 2019

ITEM 3. FINANCIAL STATEMENTS AND OTHER INFORMATION

The following documents of FBS-Penn are attached as Schedule "A" to this business acquisition report:

(a) the audited annual financial statements of FBS-Penn, together with the notes thereto and the auditor's report thereon, as at and for year ended December 31, 2018; and

(b) the unaudited condensed combined financial statements of FBS-Penn, together with the notes thereto, for the three and six months ended June 30, 2019 and 2018.

The following *pro-forma* documents of the Company are attached as Schedule "B" to this business acquisition report:

(a) the unaudited *pro-forma* condensed combined statement of financial position of the Company as at June 30, 2019;

(d) the unaudited *pro-forma* condensed combined statement of operations of the Company and *pro-forma* earnings per share for the six months ended June 30, 2019; and

(e) the unaudited *pro-forma* condensed combined statement of operations of the Company for the period from January 23, 2018 (Inception Date) to December 31, 2018 and of FBS-Penn for the year ended December 31, 2018 and pro-forma earnings per share for the period from January 23, 2018 (Inception Date) to December 31, 2018.

SCHEDULE A

FBS-PENN FINANCIAL STATEMENTS

- see attached -

FRANKLIN BIOSCIENCE – PENN LLC

FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2018

(Expressed in United States Dollars)

FRANKLIN BIOSCIENCE – PENN LLC
INDEX TO FINANCIAL STATEMENTS

FRANKLIN BIOSCIENCE – PENN LLC

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying financial statements in this annual report were prepared by management of Franklin BioScience – Penn LLC ("the Company") and were reviewed and approved by the Board of Directors.

Management is responsible for the financial statements and believes that they fairly present the Company's financial condition and results of operations in conformity with International Financial Reporting Standards. Management has included in the Company's financial statements amounts based on estimates and judgments that it believes are reasonable, under the circumstances.

To discharge its responsibilities for financial reporting and safeguarding of assets, management believes that it has established appropriate systems of internal accounting control which provide reasonable assurance that the financial records are reliable and form a proper basis for the timely and accurate preparation of the financial statements. Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls should not exceed their expected benefits. Management further assures the quality of the financial records through careful selection and training of personnel and through the adoption and communication of financial and other relevant policies.

The financial statements have been audited by the Company's auditor, Macias Gini & O'Connell LLP, and their report is represented herein.

/s/ Blythe Huestis	*/s/* Matthew Varga
President	Controller

September 23, 2019

Independent Auditor's Report

To the Board of Directors and Members of
Franklin BioScience - Penn LLC

Opinion

We have audited the financial statements of Franklin BioScience – Penn LLC (the "Company"), which comprise the statement of financial position as of December 31, 2018, and the related statements of operations, changes in members' equity, and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Prior Period Financial Statements

The accompanying statement of financial position for the Company as of December 31, 2017 and the related statements of operations, changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements were not audited by us and accordingly we do not express an opinion or other form of assurance on them.

Macias Gini & O'Connell LLP

Los Angeles, California
September 23, 2019

FRANKLIN BIOSCIENCE - PENN LLC

STATEMENTS OF FINANCIAL POSITION

		December 31, 2018	December 31, 2017 (unaudited)
ASSETS			
CURRENT ASSETS:			
Cash		$ 1,195,056	$ 4,100,381
Accounts receivable		25,203	-
Prepaid expenses and other current asset		19,745	-
Inventory		194,048	-
Total Current Assets		1,434,052	4,100,381
LONG-TERM ASSETS			
Property, plant and equipment	Note 3	1,929,397	19,155
Other assets		61,671	25,000
Total Long-Term Assets		1,991,068	44,155
TOTAL ASSETS		$ 3,425,120	$ 4,144,536
LIABILITIES AND MEMBERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable and accrued expenses		$ 510,987	$ 63,413
Amount due to related parties	Note 6	258,202	183,239
Total Current Liabilities		769,189	246,652
MEMBERS' EQUITY	Note 4	2,655,931	3,897,884
TOTAL LIABILITIES AND MEMBERS' EQUITY		$ 3,425,120	$ 4,144,536

Nature of Operations (Note 1)
Commitments and Contingencies (Note 5)
Subsequent Events (Note 9)

See accompanying notes to financial statements

FRANKLIN BIOSCIENCE - PENN LLC
STATEMENTS OF OPERATIONS

		Year Ended December 31, 2018	Year Ended December 31, 2017 (unaudited)
REVENUES		$ 1,699,933	$ -
COST OF GOODS SOLD		887,911	-
GROSS PROFIT		812,022	-
OPERATING EXPENSES:			
Sales and marketing		86,700	14,000
General and administrative		1,880,005	869,490
Depreciation and amortization	Note 3	97,370	-
Total Operating Expenses		2,064,075	883,490
LOSS FROM OPERATIONS		(1,252,053)	(883,490)
OTHER INCOME (EXPENSE):			
Interest income (expense)		100	(102)
NET LOSS		$ (1,251,953)	$ (883,592)

See accompanying notes to financial statements

FRANKLIN BIOSCIENCE - PENN LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY

	Capital - Common Units	Capital - Preferred Units	Member Subscription Receivable	Accumulated Deficit	Members' Equity
BALANCE - JANUARY 1, 2017 (unaudited)	$ -	$ -	$ -	$ (285,736)	$ (285,736)
Units issued (unaudited)	-	6,239,712	(6,239,712)	-	-
Units issued for cash (unaudited)			5,067,212		5,067,212
Net loss (unaudited)	-	-	-	(883,592)	(883,592)
BALANCE - DECEMBER 31, 2017	-	6,239,712	(1,172,500)	(1,169,328)	3,897,884
Units issued for cash	-	-	50,000	-	50,000
Cash returned to members	-	(40,000)	-	-	(40,000)
Net loss	-	-	-	(1,251,953)	(1,251,953)
BALANCE - DECEMBER 31, 2018	$ -	$ 6,199,712	$ (1,122,500)	$ (2,421,281)	$ 2,655,931

See accompanying notes to financial statements

FRANKLIN BIOSCIENCE - PENN, LLC

STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2018	Year Ended December 31, 2017 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (1,251,953)	$ (883,592)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	97,370	-
Changes in operating assets and liabilities:		
Accounts receivable	(25,203)	-
Prepaid expenses and other current assets	(19,745)	-
Inventory	(194,048)	-
Due to related party	74,963	-
Other assets	(36,671)	-
Accounts payable and accrued expenses	447,574	239,326
Net cash flows used in operating activities	(907,713)	(644,266)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(2,007,612)	(19,155)
Net cash flows used in investing activities	(2,007,612)	(19,155)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of notes payable	-	(33,536)
Issuance of operating units for cash, net	10,000	4,797,338
Net cash flows provided by financing activities	10,000	4,763,802
NET CHANGE IN CASH	(2,905,325)	4,100,381
CASH, BEGINNING OF PERIOD	4,100,381	-
CASH, END OF PERIOD	$ 1,195,056	$ 4,100,381
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	$ -	$ 102

See accompanying notes to financial statements

1. NATURE OF OPERATIONS

Franklin BioScience – Penn LLC (the "Company") was organized under the laws of the Commonwealth of Pennsylvania on October 19, 2016 as a subsidiary of Franklin BioScience, LLC, primarily to engage in the state-licensed business of retail of medical products derived from cannabis in Pennsylvania.

The Company is a Medical Marijuana Dispensary Permit holder in Pennsylvania under the Medical Marijuana Program overseen by the Pennsylvania Department of Health. The Company's dispensary serves only medical customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The 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 year ended December 31, 2018.

The unaudited statement of financial position, statement of operations, and statement of cash flows for the year ended December 31, 2017 which are presented for comparative purposes have been prepared by management in accordance with IFRS.

(b) Basis of Measurement

These financial statements have been prepared on the going concern basis under the historical cost convention, except for certain financial instruments which are measured at fair value. Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

(c) Functional Currency

The Company's functional currency, as determined by management, is the United States ("U.S.") dollar. These financial statements are presented in U.S. dollars.

(d) Cash

Cash includes cash deposits in financial institutions and other deposits that are readily convertible into cash, generally with an original maturity of three months or less.

(e) Inventory

Inventories consist of purchased finished goods, supplies and consumables, and are valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out basis. Inventories are valued at lower of cost and net realizable value. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory are written-down to net realizable value. As of December 31, 2018, the Company determined that no reserve was necessary.

(f) Property, Plant and Equipment

Property, plant and equipment ("PP&E") is stated at cost, less accumulated depreciation and are depreciated using the straight-line method over their estimated useful lives. Cost includes expenditures that are directly attributable to the acquisition of the asset.

PP&E are depreciated from the date of acquisition or at the date they become available for use, if these dates differ. Internally constructed assets are depreciated from the date the asset is available for use.

The useful life and depreciation method applied to each class of assets are reassessed at each reporting date. The useful lives applicable to each class of asset are as follows:

- Leasehold improvements: Over the life of the improvement or the life of the lease, whichever is shorter
- Furniture and fixtures: 5 – 10 years

On an annual basis, the Company reviews the carrying amounts of its PP&E to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating business unit to which the asset belongs. Cash generating business units are determined by management based on locations of facilities.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss is immediately recognized in comprehensive income. To date, the Company has recognized no impairments on its PP&E.

(g) Leased Assets

A lease of property and equipment is classified as a capital lease if it transfers substantially all the risks and rewards incidental to ownership to the Company. A lease of property and equipment is classified as an operating lease whenever the terms of the lease do not transfer substantially all of the risks and rewards of ownership to the lessee. Lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits are consumed. Lease inducements, which corresponds to a free rent period, are deferred and recognized as expenses on the straight-line basis over the period the inducements are received

(h) Income Taxes

The Company is a limited liability company that has elected to be treated as a partnership for federal income tax purposes. Under federal law, the taxable income or loss of a limited liability company is allocated to its members. Accordingly, no provision has been made for federal income taxes.

(i) Revenue Recognition

The Company has adopted IFRS 15 "Revenue from Contracts with Customers" for the year ended December 31, 2018.

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRS standards. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation. The adoption of IFRS 15 did not have a material impact on the Company's financial statements.

(j) Financial Instruments

The Company has adopted IFRS 9, "Financial Instruments", for the year ended December 31, 2018. IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements for hedge accounting, and introduces a single, forward-looking expected loss impairment model.

The adoption of IFRS 9 had no impact on the Company's financial statements on the date of initial application. There was no change in the carrying amounts on the basis of allocation from original measurement categories under IAS 39, "Financial Instruments: Recognition and Measurement", to the new measurement categories under IFRS 9.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at fair value through profit or loss ("FVTPL"); (ii) those to be measured subsequently at fair value through other comprehensive income ("FVOCI"); and (iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are recorded in profit or loss or other comprehensive income. Financial liabilities are not reclassified.

Financial Assets

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of trade receivables.

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash and cash equivalents.

- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Derecognition of Financial Assets and Financial Liabilities

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Recognition and Initial Measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit loss associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset at the reporting date with the risk of default at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. For trade receivables only, the Company applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Evidence of impairment may include indications that the counterparty debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings, the existence of third-party insurance, and forward-looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

The following table provides a summary of the Company's classification and measurement of financial assets and liabilities:

	Classification	**Measurement**
Cash	Amortized Cost	Amortized Cost
Accounts Payable and Accrued Expenses	Amortized Cost	Amortized Cost
Amounts Due to Related Parties	Amortized Cost	Amortized Cost

(k) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's 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 these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Significant judgments estimates and assumptions that have the most significant effect on the amounts recognized in the financial statements are described below.

(l) Recent Accounting Pronouncements

The following IFRS standards have been recently issued by the IASB. The Company is assessing the impact of these new standards on future financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16") which will replace IAS 17, Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15 at or before the date of initial adoption of IFRS 16. The Company is examining the potential impact of this new standard on its financial statements.

(Amounts Expressed in United States Dollars)

3. PROPERTY, PLANT AND EQUIPMENT

A reconciliation of the beginning and ending balances of capital assets and accumulated depreciation and amortization as of and during the year ended December 31, 2018 is as follows:

	Leasehold Improvements	Furniture and Fixtures	Total
Cost			
Balance, January 1, 2018	$ -	$ 19,155	$ 19,155
Additions	1,815,185	192,427	2,007,612
Balance, December 31, 2018	$ 1,815,185	$ 211,582	$ 2,026,767
Accumulated Depreciation and Amortization			
Balance, January 1, 2018	$ -	$ -	$ -
Depreciation and amortization	(89,936)	(7,434)	(97,370)
Balance, December 31, 2018	$ (89,936)	$ (7,434)	$ (97,370)
Carrying Amount			
At January 1, 2018	$ -	$ 19,155	$ 19,155
At December 31, 2018	$ 1,725,249	$ 204,148	$ 1,929,397

Depreciation and amortization expense for the year ended December 31, 2018 was $97,370.

4. MEMBERS' EQUITY

The Company was formed as a Pennsylvania limited liability company on October 19, 2016, as a subsidiary of Franklin BioScience, LLC. Allocations of profits and losses of the Company for each fiscal year are allocated pro rata in proportion to the member's capital interest. At the Company's inception, 20,000 common units, with no value, were issued to Franklin BioScience, LLC. No member has the right to transfer any or part of their membership interest without the express written permission of a vote of members.

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its members for the purpose of winding up its affairs, the preferred unit holders shall, subject to the prior rights of the holders of any units of the Company be entitled to participate ratably until such holders have received an amount equal to the aggregate amount of preferred units unreturned capital prior to the common unit holders.

5. COMMITMENTS AND CONTINGENCIES

(a) Office and Operating Leases

The Company leases a business facility in Pennsylvania from a third party under a non-cancelable operating lease agreement that specifies minimum rentals. The lease expires in 2032 and contains certain renewal provisions. The Company's rent expense for the year ended December 31, 2018 was $138,000.

(Amounts Expressed in United States Dollars)

Future minimum lease payments under the non-cancelable operating lease having an initial or remaining term of more than one year are as follows:

Year Ending December 31,	Scheduled Payments
2019	$ 149,973
2020	153,464
2021	157,060
2022	163,564
2023	167,939
Thereafter	1,010,630
Total Future Mimimum Lease Payments	**$ 1,802,629**

(b) 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 compliance with applicable local and state regulations as of December 31, 2018, medical marijuana 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.

(c) 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. As of December 31, 2018, there were no pending lawsuits that could reasonably be expected to have a material effect on the results of the Company's 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.

6. RELATED PARTY TRANSACTIONS

Transactions with related parties are entered into during the normal course of business and measured at the amount established and agreed to by the parties.

In 2018, the Company entered into a Services Agreement with Franklin Group to provide certain management, advisory and consulting services for FBS-Penn. Franklin BioScience, LLC owns 20,000 of FBS-Penn's common units. The Company incurred costs of $304,860 for services rendered during the twelve months ended December 31, 2018. As of December 31, 2018, the Company had the amount outstanding to Franklin BioScience, LLC of $258,202.

(Amounts Expressed in United States Dollars)

7. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, accounts payable, accrued expenses and amounts due to related parties. The carrying values of these financial instruments approximate their fair values as of December 31, 2018.

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 have been no transfers between fair value levels during the year.

The following table summarizes the Company's financial instruments as of December 31, 2018:

	Financial Assets	Financial Liabilities	Total
Cash	$ 1,195,056	$ -	$ 1,195,056
Accounts receivable	$ 25,203	$ -	$ 25,203
Accounts payable and accrued expenses	$ -	$ 510,987	$ 510,987
Amount due to related parties	$ -	$ 258,202	$ 258,202

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 at December 31, 2018, is the carrying amount of cash and cash equivalents. All cash and cash equivalents are placed with major U.S. financial institutions. Although some cash is placed with major U.S. financial institutions, there has been no change in the U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the cannabis industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from business involved with the marijuana industry.

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $100,000. As December 31, 2018, the Company had $713,490 in excess of the CDIC insured limit.

(b) Asset Forfeiture Risk

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

(c) Liquidity Risk

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's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

In addition to the commitments outlined in "Note 5 - Commitments and Contingencies", the Company has the following contractual obligations as of December 31, 2018:

	< 1 Year	1 to 3 Years	3 to 5 Years	Total
Accounts payable and accrued expenses	$ 510,987	$ -	$ -	$ 510,987
Amount due to related parties	$ 258,202	$ -	$ -	$ 258,202

(d) Market Risk

(i) *Currency Risk*

The operating results and financial position of the Company are reported in U.S. dollars. The Company had no exposure to foreign currency transactions for the year ended December 31, 2018.

(ii) *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 and cash equivalents bear 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.

(iii) *Price Risk*

Price risk is the risk of variability in fair value due to movements in equity or market prices.

(iv) *Regulatory Risk*

Regulatory risk pertains to the risk that the Company's business objectives are contingent, in part, upon the compliance of regulatory requirements. Due to the nature of the industry, the Company recognizes that regulatory requirements are more stringent and punitive in nature. Any delays in obtaining, or failure to obtain regulatory approvals can significantly delay operational and product development and can have a material adverse effect on the Company's business, results of operation, and financial condition.

The Company is cognizant of the advent of regulatory changes occurring in the cannabis industry on the city, state, and national levels. Although regulatory outlook on the cannabis industry has been moving in a positive trend, the Company is aware of the effect of unforeseen regulatory changes can have on the goals and operations of the business as a whole.

8. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funding to support its ongoing operations and development such that it can continue to provide returns to shareholders and benefits for other stakeholders.

The capital structure of the Company consists of items included in members' equity. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. The Company plans to use existing funds, as well as funds from the future sale of products, to fund operations and expansion activities.

As of December 31, 2018, the Company is not subject to externally imposed capital requirements.

9. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through September 23, 2019, which is the date these financial statements were issued.

(a) Sale of Equity Interest to Jushi Holdings Inc.

On July 10, 2019, Jushi Holdings Inc. acquired 100% of the equity interests of the Company. Total consideration paid was approximately $63,000,000 consisting of $27,110,000 in cash $27,500,000 in promissory notes secured by a first priority security interest in Jushi Holdings Inc., and the issuance of 3,380,000 subordinate voting shares to the sellers of FBS-Penn, of which 1,500,000 shares were issued subject to certain escrow provisions. The promissory notes are due in tranches with $10,000,000 due on September 30, 2019, $7,500,000 due on March 9, 2020, $5,000,000 due on September 9, 2020, and $5,000,000 due on March 9, 2021. The notes bear interest of 10% per annum, payable at tranche maturity. Of the $27,500,000 in secured notes, $10,000,000 are convertible at the option of the holders on or before September 30, 2019, into subordinate voting shares of Jushi Holdings Inc. at a conversion price of $3.30 per share. The shares subject to the escrow provisions will be released from escrow to the registered holders on the six-month anniversary of the acquisition.

(b) Leases of Commercial Real Estate

Subsequent to December 31, 2018, the Company leased certain business facilities in Pennsylvania from third parties under lease agreements that specify minimum rentals. The leases expire between 2028 and 2039 and contain certain renewal provisions.

FRANKLIN BIOSCIENCE – PENN LLC

FINANCIAL STATEMENTS

AS OF JUNE 30 2019, AND FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 AND 2018

(Expressed in United States Dollars)

FRANKLIN BIOSCIENCE – PENN LLC
INDEX TO FINANCIAL STATEMENTS
June 30, 2019

Financial Statements

FRANKLIN BIOSCIENCE - PENN LLC
STATEMENTS OF FINANCIAL POSITION

ASSETS		**June 30, 2019** (unaudited)	**December 31, 2018**
CURRENT ASSETS:			
Cash		$ 5,221,747	$ 1,195,056
Accounts receivable		-	25,203
Prepaid expenses and other current assets		43,222	19,745
Inventory		430,959	194,048
Total Current Assets		5,695,928	1,434,052
OTHER ASSETS:			
Property, plant and equipment	Note 3	6,897,826	1,929,397
Other assets		81,437	61,671
Total Other Assets		6,979,263	1,991,068
Total Assets		$ 12,675,191	$ 3,425,120
LIABILITIES AND MEMBERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable and accrued expenses		$ 1,488,978	$ 510,987
Amount due to related party		21,214	258,202
Short term lease liability	Note 4	384,766	-
Working capital facility	Note 5	5,000,000	-
Total Current Liabilities		6,894,958	769,189
LONG-TERM LEASE LIABILITY	Note 4	2,711,987	-
MEMBERS' EQUITY	Note 6	3,068,246	2,655,931
Total Liabilities and Members' Equity		$ 12,675,191	$ 3,425,120

Nature of Operations (Note 1)
Commitments and Contingencies (Note 6)
Subsequent Events (Note 10)

See accompanying notes to financial statements

FRANKLIN BIOSCIENCE - PENN LLC
STATEMENTS OF OPERATIONS

	Three Months Ended June 30, 2018	Six Months Ended June 30, 2018	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
REVENUE	$ 183,393	$ 183,393	$ 2,165,553	$ 3,670,178
COST OF GOODS SOLD	92,922	92,922	1,207,274	2,029,698
GROSS PROFIT	90,471	90,471	958,279	1,640,480
OPERATING EXPENSES:				
Depreciation and amortization expense	17,138	17,138	135,638	263,237
Sales and marketing	15,809	40,770	43,244	111,619
General and administrative	544,143	759,479	999,365	1,686,089
Total Operating Expenses	577,090	817,387	1,178,247	2,060,945
LOSS FROM OPERATIONS	(486,619)	(726,916)	(219,968)	(420,465)
OTHER INCOME (EXPENSE):				
Interest expense	-	-	(113,305)	(214,720)
NET LOSS	$ (486,619)	$ (726,916)	$ (333,273)	$ (635,185)

See accompanying notes to financial statements

FRANKLIN BIOSCIENCE - PENN LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY

	Capital - Common Units	Capital - Preferred Units	Member Subscription Receivable	Accumulated Deficit	Total Members' Equity
BALANCE AS OF DECEMBER 31, 2017	$ -	$ 6,239,712	$ (1,172,500)	$ (1,169,328)	$ 3,897,884
Units issued for cash	-	-	50,000	-	50,000
Cash returned to members	-	(40,000)	-	-	(40,000)
Net loss	-	-	-	(726,916)	(726,916)
BALANCE AS OF JUNE 30, 2018	$ -	$ 6,199,712	$ (1,122,500)	$ (1,896,244)	$ 3,180,968
BALANCE - DECEMBER 31, 2018	$ -	$ 6,199,712	$ (1,122,500)	$ (2,421,281)	$ 2,655,931
Units issued for cash	-	-	1,047,500	-	1,047,500
Net loss	-	-	-	(635,185)	(635,185)
BALANCE - JUNE 30, 2019	$ -	$ 6,199,712	$ (75,000)	$ (3,056,466)	$ 3,068,246

See accompanying notes to financial statements

FRANKLIN BIOSCIENCE - PENN LLC
STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
	(unaudited)	(unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (635,185)	$ (726,916)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	263,237	17,138
Interest paid	214,720	-
Changes in operating assets and liabilities:		
Accounts receivable	25,203	(25,203)
Prepaid expenses and other current assets	(23,477)	(3,000)
Inventory	(236,911)	(62,311)
Amount due to related party	(236,988)	-
Other assets	(19,766)	(261,670)
Accounts payable and accrued expenses	977,991	(52,765)
Net cash flows provided by (used in) operating activities	328,824	(1,114,727)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(2,178,178)	(776,477)
Net cash flows used in investing activities	(2,178,178)	(776,477)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Working capital facility borrowings	5,000,000	-
Payments on lease obligations	(171,455)	-
Issuance (repurchase) of operating units for cash, net	1,047,500	(40,000)
Net cash flows provided by (used in) financing activities	5,876,045	(40,000)
NET CHANGE IN CASH	4,026,691	(1,931,204)
CASH, BEGINNING OF PERIOD	1,195,056	4,100,381
CASH, END OF PERIOD	$ 5,221,747	$ 2,169,177
NON-CASH INVESTING AND FINANCING ACTIVITY:		
Right of use assets from lease liabilities upon adoption of IFRS 16	$ 881,500	$ -
Right of use assets from lease liabilities	$ 2,171,988	$ -

See accompanying notes to financial statements

1. NATURE OF OPERATIONS

Franklin BioScience – Penn LLC (the "Company") was organized under the laws of the Commonwealth of Pennsylvania on October 19, 2016 as a subsidiary of Franklin BioScience, LLC, primarily to engage in the state-licensed business of retail of medical products derived from cannabis in Pennsylvania.

The Company is a Medical Marijuana Dispensary Permit holder in Pennsylvania under the Medical Marijuana Program overseen by the Pennsylvania Department of Health. The Company's dispensary serves only medical customers.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The condensed interim 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 six months ended June 30, 2019.

The condensed interim financial statements for the three and six months ended June 30, 2019 have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The condensed interim 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 financial statements as of December 31, 2018.

Except as described below, the accounting policies applied in these condensed interim financial statements are the same as those applied in the last annual financial statements of the Company as of and for the year ended December 31, 2018.

(b) Basis of Measurement

These financial statements have been prepared on the going concern basis under the historical cost convention, except for certain financial instruments which are measured at fair value. Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

(c) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's condensed interim 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 these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Significant judgements, estimates, and assumptions within these unaudited condensed interim financial statements, unless stated herein, remain the same as those applied to the annual financial statements for the year ended December 31, 2018.

(d) New Standards Adopted in Current Year

Leases

(i) Accounting Policy

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16") replaces IAS 17, Leases. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

At commencement of a contract, the Company assesses whether a contract is, or contains, a lease by determining whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A ROU asset and lease liability is recognized at the lease commencement date. The lease liability is initially measured at the present value of all future lease payments that have not been paid as of the commencement date of the lease, discounted using the Company's incremental borrowing rate, in the absence of a readily identifiable rate of interest implicit to the lease.

The ROU asset is initially measured at cost, which is calculated as the initial amount of the lease liability, with an adjustment for any initial direct costs incurred, plus adjustments for any lease payments made in advance of the commencement date, and less any lease incentives received. Subsequent to initial recognition, the ROU asset is depreciated on a straight-line basis over the term of the lease, with inclusion for any options to extend that the Company reasonably expects to exercise. ROU assets are tested for impairment in accordance with IAS 36 Impairment of assets.

The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is remeasured when there is a change in future lease payments resulting from a change in index or rate or if the Company changes its assessment of whether it will exercise an option to extend, purchase or terminate. Should the corresponding right-of-use asset be reduced to zero when the lease liability is remeasured, the adjustment would be recorded through profit or loss.

The lease liability is subsequently measured at amortized cost using the effective interest method whereby the balance is increased by interest expense and decreased by lease payments. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The Company has exercised judgment to determine both the applicable discount rate as well as the lease term for lease contracts that contain renewal options. The discount rate used is based on the Company's incremental borrowing rate and is risk-adjusted based on a variety of factors, such as location and planned use. The assessment of whether the Company is reasonably certain to exercise renewal options impacts the lease term, which directly affects the amount of right-of-use assets and lease liabilities recognized.

(Amounts Expressed in United States Dollars)

The Company has included the carrying value of ROU assets under property, plant, and equipment on the statement of financial position as of June 30, 2019.

(ii) Impact of Transition to IFRS 16

The Company previously classified leases as either operating or finance leases from the perspective of the lessee. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases. The Company adopted IFRS 16 using the modified retrospective cumulative catch-up approach beginning on January 1, 2019. Under this approach, the Company did not restate its comparative amounts and recognized a right-of-use asset equal to the present value of the future lease payments.

The Company also used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Accounted for short-term leases for which the lease terms end within 12 months of the date of the initial application as short-term leases;
- Excluded initial direct costs from measuring the ROU assets at the date of initial application;
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- Applied a single discount rate to a portfolio of leases with similar characteristics; and
- Applied IFRS 16 to contracts that were previously not identified as leases and did not reassess whether a contract is, or contains, a lease at the date of initial application.

When measuring lease liabilities, the Company discounted the lease payments using its incremental borrowing rate as of January 1, 2019. The Company's weighted-average incremental borrowing rate was 15% based on the underlying locations and asset class related risks.

The following table reconciles the Company's operating lease obligations as at December 31, 2018, as previously disclosed in the Company's annual financial statements, to the lease obligation recognized on initial application of IFRS 16 at January 1, 2019:

Reconciliation - IAS 17 to IFRS 16	
Operating lease commitments as at December 31, 2018	$ 1,802,629
Discounting for lease in service in January 1, 2019	(921,129)
Present value of IFRS 16 lease liabilities at January 1, 2019	$ 881,500

3. PROPERTY, PLANT AND EQUIPMENT

A reconciliation of the beginning and ending balances of capital assets and accumulated depreciation and amortization during the six months ended June 30, 2019 is as follows:

(Amounts Expressed in United States Dollars)

	Leasehold Improvements	Furniture and Fixtures	Right of Use Assets	Total
Cost				
Balance, December 31, 2018	$ 1,815,185	$ 211,582	$ -	$ 2,026,767
Additions	1,854,587	323,591	3,053,488	5,231,666
Balance, June 30, 2019	$ 3,669,772	$ 535,173	$ 3,053,488	$ 7,258,433
Accumulated Depreciation and Amortization				
Balance, December 31, 2018	$ (89,936)	$ (7,434)	$ -	$ (97,370)
Depreciation and amortization	(202,411)	(21,700)	(39,126)	(263,237)
Balance, June 30, 2019	$ (292,347)	$ (29,134)	$ (39,126)	$ (360,607)
Carrying Amount				
At January 1, 2019	$ 1,725,249	$ 204,148	$ -	$ 1,929,397
At June 30, 2019	$ 3,377,425	$ 506,039	$ 3,014,362	$ 6,897,826

Depreciation and amortization expense for the six months ended June 30, 2019 was $263,237.

4. LEASE LIABILITY

The Company leases certain business facilities in Pennsylvania from third parties under lease agreements that specify minimum rentals. The leases expire between 2020 and 2029 and contain certain renewal provisions.

There are no variable lease payments included in the measurement of lease obligations. 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.

The Company's interest expense related to leases having an initial or remaining term or more than one year was $73,148.

Future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year are as follows:

Less than one year	$ 443,633
One to five years	2,458,000
Greater than five years	6,501,325
Total undiscounted lease obligations	$ 9,402,958

Lease liabilities included in the Statement of Financial Position at June 30, 2019:

Short-term	$384,766
Long-term	$2,711,987

5. WORKING CAPITAL FACILITY

In March 2019, and under the terms of a letter of intent allowing Jushi Holdings Inc. ("Jushi") to negotiate definitive documents with the Company, Jushi made an exclusivity payment of $1,000,000 to the Company. The $1,000,000 amount was to be used for bona fide business expenses and not to be applied against the purchase price. In June 2019, Jushi entered into a definitive agreement to purchase a majority stake in the Company. Upon execution of the definitive agreement, Jushi advanced FBS the Company an additional $4,000,000. In addition, Jushi contingently committed to a line of credit of up to $5,000,000 at 10% interest per year maturing at the one-year anniversary, of which $0 had been advanced to FBS Penn as of June 30, 2019. In July 2019, the Company completed its acquisition of 100% of the equity interest of FBS Penn. No amounts of the working capital facility were repaid to Jushi when Jushi completed its acquisition of the Company. See Note 11. "Subsequent Events" for additional information.

6. MEMBERS' EQUITY

The Company was formed as a Pennsylvania limited liability company on October 19, 2016, as a subsidiary of Franklin BioScience, LLC. Allocations of profits and losses of the Company for each fiscal year are allocated pro rata in proportion to the member's capital interest. At the Company's inception, 20,000 common units, with no value, were issued to Franklin BioScience, LLC. No member has the right to transfer any or part of their membership interest without the express written permission of a vote of members.

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its members for the purpose of winding up its affairs, the preferred unit holders shall, subject to the prior rights of the holders of any units of the Company be entitled to participate ratably until such holders have received an amount equal to the aggregate amount of preferred units unreturned capital prior to the common unit holders.

7. COMMITMENTS AND CONTINGENCIES

(a) 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 compliance with applicable local and state regulations as of December 31, 2018, medical marijuana 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. As of June 30, 2019, there were no pending lawsuits that could reasonably be expected to have a material effect on the results of the Company's 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.

(Amounts Expressed in United States Dollars)

8. RELATED PARTY TRANSACTIONS

Transactions with related parties are entered into during the normal course of business and measured at the amount established and agreed to by the parties.

In 2018, the Company entered into a Services Agreement with Franklin Group to provide certain management, advisory and consulting services for FBS-Penn. Franklin BioScience, LLC owns 20,000 of FBS-Penn's common units. The Company incurred costs of $35,012 for services rendered during the six months ended June 30, 2019. As of June 30, 2019, the Company had the amount outstanding to Franklin BioScience, LLC of $21,214.

9. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

The Company's financial instruments consist of cash, accounts payable, accrued expenses and amounts due to related parties. The carrying values of these financial instruments approximate their fair values as of December 31, 2018.

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 have been no transfers between fair value levels during the year.

The following table summarizes the Company's financial instruments as of June 30, 2019:

	Financial Assets	Financial Liabilities	Total
Cash	$ 5,221,747	$ -	$ 5,221,747
Accounts payable and accrued expenses	$ -	$ 1,488,978	$ 1,488,978
Amounts due to related parties	$ -	$ 21,214	$ 21,214

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 at December 31, 2018, is the carrying amount of cash and cash equivalents. All cash and cash equivalents are placed with major U.S. financial institutions. Although some cash is placed with major U.S. financial institutions, there has been no change in the U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the cannabis industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from business involved with the marijuana industry.

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Canada Deposit Insurance Corporation ("CDIC") up to $100,000. As June 30, 2019, the Company had $4,529,417 in excess of the CDIC insured limit.

(b) Asset Forfeiture Risk

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

(c) Liquidity Risk

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's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

In addition to the commitments outlined in "Note 5 - Commitments and Contingencies", the Company has the following contractual obligations as of December 31, 2018:

	< 1 Year	1 to 3 Years	3 to 5 Years	Total
Accounts payable and accrued expenses	$ 1,488,978	$ -	$ -	$ 1,488,978
Amounts due to related parties	$ 21,214	$ -	$ -	$ 21,214

(d) Market Risk

(i) Currency Risk

The operating results and financial position of the Company are reported in U.S. dollars. The Company had no exposure to foreign currency transactions for the six months ended June 30, 2019.

(ii) 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 and cash equivalents bear 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.

(iii) Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices.

(iv) Regulatory Risk

Regulatory risk pertains to the risk that the Company's business objectives are contingent, in part, upon the compliance of regulatory requirements. Due to the nature of the industry, the Company recognizes that regulatory requirements are more stringent and punitive in nature. Any delays in obtaining, or failure to obtain regulatory approvals can significantly delay operational and product development and can have a material adverse effect on the Company's business, results of operation, and financial condition.

The Company is cognizant of the advent of regulatory changes occurring in the cannabis industry on the city, state, and national levels. Although regulatory outlook on the cannabis industry has been moving in a positive trend, the Company is aware of the effect of unforeseen regulatory changes can have on the goals and operations of the business as a whole.

10. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funding to support its ongoing operations and development such that it can continue to provide returns to shareholders and benefits for other stakeholders.

The capital structure of the Company consists of items included in members' equity. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. The Company plans to use existing funds, as well as funds from the future sale of products, to fund operations and expansion activities.

As of June 30, 2019, the Company is not subject to externally imposed capital requirements.

11. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through September 23, 2019, which is the date these financial statements were issued.

(a) Sale of Equity Interest to Jushi Holdings Inc.

On July 10, 2019, Jushi Holdings Inc. acquired 100% of the equity interests of the Company. Total consideration paid was approximately $63,000,000 consisting of $27,110,000 in cash $27,500,000 in promissory notes secured by a first priority security interest in Jushi Holdings Inc., and the issuance of 3,380,000 subordinate voting shares to the sellers of FBS-Penn, of which 1,500,000 shares were issued subject to certain escrow provisions. The promissory notes are due in tranches with $10,000,000 due on September 30, 2019, $7,500,000 due on March 9, 2020, $5,000,000 due on September 9, 2020, and $5,000,000 due on March 9, 2021. The notes bear interest of 10% per annum, payable at tranche maturity. Of the $27,500,000 in secured notes, $10,000,000 are convertible at the option of the holders on or before September 30, 2019, into subordinate voting shares of Jushi Holdings Inc. at a conversion price of $3.30 per share. The shares subject to the escrow provisions will be released from escrow to the registered holders on the six-month anniversary of the acquisition.

(b) Leases of Commercial Real Estate

Subsequent to June 30, 2019, the Company leased certain business facilities in Pennsylvania from third parties under lease agreements that specify minimum rentals. The leases expire between 2028 and 2039 and contain certain renewal provisions.

SCHEDULE B

PRO-FORMA FINANCIAL STATEMENTS

- see attached -

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

ASSETS	Jushi Holdings	FBS-Penn	Notes	Pro Forma Adjustments	Pro Forma Combined
CURRENT ASSETS:					
Cash	$ 86,735,344	$ 5,221,747	3a)	$ (27,999,463)	$ 63,957,628
Investment in trading securities	1,253,345	-		-	1,253,345
Accounts receivable	28,099	-		-	28,099
Prepaid expenses and other current assets	1,808,656	43,222		-	1,851,878
Deferred acquisition costs	10,070,000	-	3a)	(4,000,000)	6,070,000
Inventory	1,322,509	430,959		-	1,753,468
Total Current Assets	101,217,953	5,695,928		(31,999,463)	74,914,418
OTHER ASSETS:					
Financial asset	5,454,252	-		-	5,454,252
Property, plant and equipment	6,260,086	6,897,826		-	13,157,912
Other assets	627,559	81,437		-	708,996
			3b)	(3,068,246)	
			3c)	(5,000,000)	
Goodwill	170,000	-	3a)	17,988,453	10,090,207
Intangible assets, net	13,780,663	-	3a)	46,010,000	59,790,663
Total Other Assets	26,292,560	6,979,263		55,930,207	89,202,030
Total Assets	$ 127,510,512	$ 12,675,191		$ 23,930,744	$ 164,116,448
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES:					
Accounts payable	$ 812,541	$ 1,488,978		$ -	$ 2,301,519
Due to related party	-	21,214		-	21,214
Note payable	1,500,000	-		-	1,500,000
Accrued expenses	3,050,307	-		-	3,050,307
Working capital facility	-	5,000,000	3c)	(5,000,000)	-
Short-term lease obligation	482,359	384,766		-	867,125
Total Current Liabilities	5,845,207	6,894,958		(5,000,000)	7,740,165
LONG-TERM LIABILITIES:					
Other liabilities	170,455	-		-	170,455
Note payable	-	-	3a)	28,122,000	28,122,000
Long-term lease obligation	1,412,235	2,711,987		-	4,124,222
Redemption liability	7,519,404	-		-	7,519,404
Total Liabilities	14,947,301	9,606,945		23,122,000	47,676,246
COMMITMENTS AND CONTINGENCIES					
STOCKHOLDERS' EQUITY:					
			3b)	(6,124,712)	
Share capital	148,416,843	6,124,712	3a)	3,876,990	152,293,833
			3b)	3,056,466	
Accumulated deficit	(35,853,632)	(3,056,466)		-	(35,853,632)
STOCKHOLDERS' EQUITY	112,563,211	3,068,246		808,744	116,440,201
Total Liabilities and Stockholders' Equity	$ 127,510,512	$ 12,675,191		$ 23,930,744	$ 164,116,447

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2019

	Jushi Holdings	FBS-Penn	Notes	Pro Forma Adjustments	Pro Forma Consolidated
			Note 4)		
REVENUE	$ 607,079	$ 3,670,178		$ -	$ 4,277,257
COST OF GOODS SOLD	12,434	2,029,698		-	2,042,132
GROSS PROFIT	594,645	1,640,480		-	2,235,125
OPERATING EXPENSES:					
General and administrative expenses	14,413,379	111,619		-	14,524,998
Share-based compensation expense	1,930,792	1,686,089		-	3,616,881
Depreciation and amortization expense	413,416	263,237		-	676,653
Total Operating Expenses	16,757,587	2,060,945		-	18,818,532
LOSS FROM OPERATIONS	(16,162,942)	(420,465)		-	(16,583,407)
OTHER INCOME (EXPENSE):					
Listing expense	(1,890,092)	-		-	(1,890,092)
Interest income	107,007	-		-	107,007
Bad debt expense	(172,408)	-		-	(172,408)
Interest expense and finance charges	(209,341)	(214,720)		-	(424,061)
Total Other Income (Expense)	(2,164,834)	(214,720)		-	(2,379,554)
NET LOSS AND COMPREHENSIVE LOSS	$ (18,327,776)	$ (635,185)		$ -	$ (18,962,961)
LOSS AND COMPREHENSIVE LOSS PER SHARE	$ (0.30)			$ -	$ (0.30)
WEIGHTED AVERAGE SHARES OUTSTANDING - BASIC AND DILUTED	61,320,662		5)	1,723,413	63,044,074

UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE PERIOD FROM JANUARY 23, 2018 (INCEPTION DATE) TO DECEMBER 31, 2018 (JUSHI HOLDINGS)
FOR THE YEAR ENDED DECEMBER 31, 2018 (FBS-PENN)

	Jushi Holdings	FBS-Penn	Notes	Pro Forma Adjustments	Pro Forma Combined
			Note 4)		
REVENUE	$ 523,364	$ 1,699,933		$ -	$ 2,223,297
COST OF GOODS SOLD	-	887,911		-	887,911
GROSS PROFIT	523,364	812,022		-	1,335,386
OPERATING EXPENSES:					
Sales and marketing	-	86,701		-	86,701
General and administrative	7,530,561	1,880,005		-	9,410,566
Share-based compensation	2,478,149	-		-	2,478,149
Impairment of goodwill	8,990,000	-		-	8,990,000
Depreciation and amortization	210,768	97,370		-	308,138
Total Operating Expenses	19,209,478	2,064,076		-	21,273,554
LOSS FROM OPERATIONS	(18,686,114)	(1,252,054)		-	(19,938,168)
OTHER INCOME (EXPENSE):					
Interest income	854,469	100		-	854,569
Finance charges	(224,331)	-		-	(224,331)
Total Other Income (Expense)	630,138	100		-	630,238
NET LOSS AND COMPREHENSIVE LOSS	$ (18,055,976)	$ (1,251,954)		$ -	$ (19,307,930)

Jushi Holdings Inc.

Notes to Unaudited Pro Forma Condensed Combined Financial Statements

1. BASIS OF PRESENTATION

The unaudited pro forma condensed combined statement of financial position as at June 30, 2019, the unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2019 and the unaudited pro forma combined statement of operations for the period from January 23, 2018 (inception date) to December 31, 2018 of Jushi Holdings Inc (the "Company") were prepared for illustrative purposes only in compliance with National Instrument 51-102 – *Continuous Disclosure Obligations*.

The unaudited pro forma condensed combined statement of financial position and the unaudited pro forma condensed combined statements of operations of the Company are comprised of information derived from:

- the unaudited condensed combined statement of financial position of the Company as at June 30, 2019;
- the unaudited condensed combined statement of financial position of Franklin BioScience – Penn LLC ("FBS-Penn") as at June 30, 2019;
- the audited combined statement of operations of the Company for the period from January 23, 2018 (Inception Date) to December 31, 2018; and
- the audited statement of loss of FBS-Penn for the year ended December 31, 2018

The unaudited pro forma condensed combined financial statements do not include all of the disclosures required by International Financial Reporting Standards ("IFRS") and should be read in conjunction with the Company's unaudited condensed combined financial statements for the six months ended June 30, 2019 and the audited combined financial statements of the Company for the period from January 23, 2018 (Inception Date) to December 31, 2018.

The unaudited pro forma combined financial information gives effect to the Company's acquisition of FBS-Penn as if it had occurred as at January 1, 2018 for the purposes of the unaudited pro forma condensed combined statement of financial position and as at January 23, 2018 (Inception Date) for the purposes of the unaudited pro forma combined statement of operations for the period from January 23, 2018 (Inception Date) to December 31, 2018 and for the purposes of the unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2019.

The accounting policies used in the preparation of the unaudited pro forma condensed combined financial statements are consistent with those described in the combined financial statements of the Company for period from January 23, 2018 (Inception Date) to December 31, 2018 except for the accounting policy with respect to the adoption of IFRS 16 as of January 1, 2019. These changes were described in note 2 to the condensed combined financial statements for the three and six months ended June 30, 2019.

The unaudited pro forma condensed combined financial statements are not necessarily indicative of the results of operations that would have occurred had the acquisition of FBS-Penn been effected on the dates indicated, nor are the unaudited pro forma condensed combined financial statements indicative of the results of operations of future periods. Actual amounts recorded upon consummation of the Acquisition will differ from such unaudited pro forma condensed combined financial statements.

2. DESCRIPTION OF TRANSACTION

On July 10, 2019, the Company acquired 100% of the equity interests of FBS-Penn (the "Acquisition"). Total consideration paid was approximately $63,000,000 consisting of $27,110,000 in cash $27,500,000 in promissory notes secured by a first priority security interest in the Company, and the issuance of 3,380,000 subordinate voting shares to the sellers, of which 1,500,000 shares were issued subject to certain escrow provisions. The promissory notes are due in tranches with $10,000,000 due on September 30, 2019, $7,500,000 due March 9, 2020, $5,000,000 due September 9, 2020, and $5,000,000 due March 9, 2021. The notes bear interest of 10% per annum, payable at tranche maturity. Of the $27,500,000 in secured notes, $10,000,000 are convertible at the option of the holders on or before September 30, 2019, into subordinate voting shares of the Company at a conversion price of $3.30 per share. The shares subject to the escrow provisions will be released from escrow to the registered holders on the six-month anniversary of the acquisition. The Company is in the process of determining the financial statement impact of the acquisition of FBS-Penn's equity interests as well as the fair values of the acquired assets and assumed liabilities of FBS Penn. The financial statement impact and valuation are expected to be completed before year-end.

3. UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL POSITION ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro forma condensed combined statement of financial position of the Company as at June 30, 2019 has been adjusted to reflect the following transactions as if the Acquisition had been completed on June 30, 2019:

a) The Acquisition is expected to be accounted for as a business combination under IFRS 3 *Business Combinations.* The aggregate consideration for this transaction was approximately $63 million, which includes:

Cash and cash equivalents	$	5,221,747
Prepaids and other assets		124,659
Inventory		430,959
Property, plant and equipment		6,897,826
Intangible Assets		46,010,000
Total Assets	$	58,685,191
Accounts payable and accrued liabilities		(1,488,978)
Due to related party		(21,214)
Lease liabilities		(3,096,753)
Total Liabilities	$	(4,606,945)
Net Assets Acquired	$	54,078,246
Consideration paid in cash	$	27,999,463
Deferred acquisition costs	$	4,000,000
Consideration paid in notes		28,122,000
Consideration paid in shares		3,876,990
Total consideration	$	63,998,453
Goodwill	$	9,920,207

The pro forma fair value adjustment of the Company's interest is subject to change based on finalization of valuation adjustments and completion of management's assessment of the fair values of the assets and liabilities of FBS-Penn.

b) The elimination of FBS-Penn equity accounts.
c) The elimination of FBS-Penn working capital.

4. UNAUDITD PRO FORMA COMBINED STATEMENT OF OPERATIONS AND ADJUSTMENTS

There were no adjustments needed for the unaudited pro forma condensed combined statements of operations of the Company for the six months ended June 30, 2019 to reflect the following transactions as if the Acquisition had been completed on January 1, 2019.

5. UNAUDITED PRO FORMA NET LOSS PER SHARE

The unaudited pro forma net loss per share for the six months ended June 30, 2019 is as follows:

FOR THE SIX MONTHS ENDED JUNE 30, 2019

Pro forma net loss attributable to FBS-Penn	$(635,185)
Weighted average shares outstanding	61,320,662
Pro forma shares issued for acquisition	1,723,413
Pro forma weighted average shares outstanding	63,044,074
Pro forma net loss per share	$(0.30)