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JUSHI HOLDINGS INC.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 and 2020

(Expressed in United States Dollars, unless otherwise noted)

JUSHI HOLDINGS INC.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Jushi Holdings Inc.

Our Opinion

We have audited the consolidated financial statements of Jushi Holdings Inc. and its subsidiaries (collectively the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021, the consolidated statements of operations, comprehensive income (loss), changes in equity and cash flows for the year then ended, and the notes to the consolidated financial statements, which include a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

Basis For Our 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 Consolidated 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 consolidated 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.

Other Matter

The consolidated financial statements of the Company for the year ended December 31, 2020, were audited by another auditor who expressed an unmodified opinion on those consolidated financial statements on June 4, 2021.

Other Information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditors' report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities Of Management And Those Charged With Governance For The Consolidated Financial Statements

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

In preparing the consolidated 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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Company’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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor’s report is Neil Prasad.

(Signed) “Marcum LLP”

Marcum LLP

Certified Public Accountants

Chicago, IL, USA

May 2, 2022

JUSHI HOLDINGS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of U.S. dollars)

	Note	December 31, 2021	December 31, 2020
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	23	$ 94,962	$ 85,857
Accounts receivable, net		3,200	859
Investments in securities	3	—	7,934
Inventories, net	4	41,430	12,966
Biological assets	4	10,849	3,962
Prepaid expenses and other current assets	5	12,875	4,691
Total current assets		$ 163,316	$ 116,269
NON-CURRENT ASSETS:			
Property, plant and equipment, net	6	$ 245,980	$ 72,471
Other intangible assets, net	8	182,466	132,028
Goodwill, net	8	75,330	31,055
Other non-current assets	9	10,298	7,456
Non-current restricted cash	23	525	—
Total non-current assets		$ 514,599	$ 243,010
Total assets		$ 677,915	$ 359,279
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Accounts payable		$ 10,539	$ 3,711
Accrued expenses and other current liabilities	10	45,228	11,042
Income taxes payable, including uncertain tax positions	19	49,003	15,685
Debt - current portion	11	2,113	1,600
Lease obligations - current	13	14,964	4,716
Total current liabilities		$ 121,847	$ 36,754
NON-CURRENT LIABILITIES:			
Non-current debt	11	$ 125,111	$ 57,122
Lease obligations - non-current	13	103,905	34,494
Derivative liabilities	12	92,435	205,361
Deferred tax liabilities	19	43,299	23,798
Contingent consideration liabilities	7	8,223	—
Total non-current liabilities		$ 372,973	$ 320,775
Total liabilities		$ 494,820	$ 357,529
COMMITMENTS AND CONTINGENCIES	21		
EQUITY:			
Share capital and share reserves	14, 15	$ 427,320	$ 263,914
Accumulated deficit	20	(242,838)	(264,091)
Total Jushi shareholders' equity		$ 184,482	$ (177)
Non-controlling interests	20	(1,387)	1,927
Total equity		$ 183,095	$ 1,750
Total liabilities and equity		$ 677,915	$ 359,279

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

JUSHI HOLDINGS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

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

	Note	For the Year Ended December 31, 2021	2020
REVENUE, NET	16	$ 209,292	$ 80,772
COST OF GOODS SOLD	4, 18	(125,905)	(43,546)
GROSS PROFIT BEFORE FAIR VALUE CHANGES		$ 83,387	$ 37,226
Realized fair value changes included in inventory sold		(10,575)	(934)
Unrealized fair value changes included in biological assets	4	14,559	6,776
GROSS PROFIT		$ 87,371	$ 43,068
OPERATING EXPENSES	18	$ 117,099	$ 52,300
LOSS FROM OPERATIONS BEFORE OTHER INCOME (EXPENSE)		$ (29,728)	$ (9,232)
OTHER INCOME (EXPENSE):			
Interest expense, net	18	(30,956)	(18,902)
Fair value gains (losses) on derivatives	12	105,170	(173,707)
Other, net	18	7,967	376
Total other income (expense), net		$ 82,181	$ (192,233)
INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) BEFORE INCOME TAXES		$ 52,453	$ (201,465)
Current income tax expense	19	(34,759)	(14,439)
Deferred income tax benefit	19	3,670	4,038
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)		$ 21,364	$ (211,866)
Net loss attributable to non-controlling interests	20	(2,772)	(1,908)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO JUSHI SHAREHOLDERS		$ 24,136	$ (209,958)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) PER SHARE ATTRIBUTABLE TO JUSHI SHAREHOLDERS - BASIC	17	$ 0.15	$ (2.11)
Weighted average shares outstanding - basic	17	166,081,141	99,560,553
NET LOSS AND COMPREHENSIVE LOSS PER SHARE ATTRIBUTABLE TO JUSHI SHAREHOLDERS - DILUTED		$ (0.41)	$ (2.11)
Weighted average shares outstanding - diluted		197,814,227	99,560,553

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

JUSHI HOLDINGS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Number of Shares				Share Reserves							
	Super Voting Shares	Multiple Voting Shares	Subordinate Voting Shares	Share Capital	Stock Options	Warrants	Restricted Shares	Other	Accumulated Deficit	Total Jushi Shareholders' Equity	Non-Controlling Interests	Total Equity
Balances - December 31, 2019	149,000	4,000,000	91,842,638	$ 147,608	$ 1,927	$ 12,394	$ 1,103	$ —	$ (48,667)	$ 114,365	$ 9,660	$ 124,025
Issuance of shares for cash	—	—	11,500,000	29,243	—	—	—	—	—	29,243	—	29,243
TGS Transaction	—	—	(4,800,000)	(7,008)	—	(117)	—	—	—	(7,125)	4,661	(2,464)
Purchases of non-controlling interests	—	—	3,927,911	12,864	—	—	—	1,004	(6,486)	7,382	(13,020)	(5,638)
Non-controlling interests - Jushi Europe and other transactions	—	—	—	—	—	—	—	—	1,020	1,020	974	1,994
Acquisition of Agape	—	—	769,231	1,000	—	—	—	—	—	1,000	1,560	2,560
Restricted stock grants and vesting, net of forfeitures (including related parties)	—	—	4,298,099	1,667	—	—	3,131	—	—	4,798	—	4,798
Warrant expense, net of cancellations (including related parties)	—	—	—	—	—	928	—	—	—	928	—	928
Stock option expense, net of forfeitures (including related parties)	—	—	—	—	1,741	—	—	—	—	1,741	—	1,741
Warrants exercises	—	—	24,456,519	58,084	—	(2,801)	—	—	—	55,283	—	55,283
Stock option exercises	—	—	26,666	60	(19)	—	—	—	—	41	—	41
Shares issued for settlements	—	—	375,000	1,105	—	—	—	—	—	1,105	—	1,105
Net loss	—	—	—	—	—	—	—	—	(209,958)	(209,958)	(1,908)	(211,866)
Balances - December 31, 2020	149,000	4,000,000	132,396,064	$ 244,623	$ 3,649	$ 10,404	$ 4,234	$ 1,004	$ (264,091)	$ (177)	$ 1,927	$ 1,750
Public offerings	—	—	13,685,000	85,660	—	—	—	—		85,660	—	85,660
Purchases of non-controlling interests - Agape	—	—	500,000	3,425	—	—	—	—	(1,863)	1,562	(1,562)	—
Adjustments to non-controlling interests - Jushi Europe	—	—	—	—	—	—	—	—	(1,020)	(1,020)	1,020	—
Acquisition of Grover Beach	—	—	49,348	368	—	—	—	—	—	368	—	368
Acquisition of Nature's Remedy	—	—	8,700,000	35,670	—	—	—	—	—	35,670	—	35,670
Conversion of Super Voting Shares and Multiple Voting Shares	(149,000)	(4,000,000)	18,900,000	—	—	—	—	—	—	—	—	—
Restricted stock grants and vesting, net of forfeitures (including related parties)	—	—	65,398	5,566	—	—	(293)	—	—	5,273	—	5,273
Warrant expense, net of cancellations (including related parties)	—	—	—	—	—	1,069	—	—	—	1,069	—	1,069
Stock option expense, net of forfeitures (including related parties)	—	—	—	—	7,064	—	—	—	—	7,064	—	7,064
Shares issued upon exercise of warrants	—	—	8,667,173	26,684	—	(2,008)	—	—	—	24,676	—	24,676
Shares issued upon exercise of stock options	—	—	216,133	338	(167)	—	—	—	—	171	—	171
Settlement of promissory notes due from related parties	—	—	(471,757)	30	—	—	—	—	—	30	—	30
Net income (loss)	—	—	—	—	—	—	—	—	24,136	24,136	(2,772)	21,364
Balances - December 31, 2021	—	—	182,707,359	$ 402,364	$ 10,546	$ 9,465	$ 3,941	$ 1,004	$ (242,838)	$ 184,482	$ (1,387)	$ 183,095

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

JUSHI HOLDINGS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of U.S. dollars)

	For the Year Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 21,364	$ (211,866)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization, including amounts in cost of goods sold	9,468	5,412
Share-based payments	13,406	7,292
Fair value changes in derivatives	(105,170)	173,707
Non-cash interest expense	22,803	10,702
Deferred income taxes	(3,670)	(4,038)
Realized fair value changes included in inventory sold	10,575	934
Unrealized fair value changes included in biological assets	(14,559)	(6,776)
Net losses on debt and warrant modifications	3,815	1,853
Goodwill impairment	2,384	170
Asset impairment charges	4,561	—
Net gains on business combinations	(520)	(6,472)
(Gains) losses on investments and financial assets	(352)	1,609
Non-cash other income (expense)	(81)	2,912
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	$ (1,872)	$ (51)
Prepaid expenses and other current assets	(7,497)	(1,724)
Inventory	(26,157)	(9,285)
Biological assets	13,221	5,031
Other assets	2,597	(2,049)
Accounts payable, accrued expenses and other current liabilities	57,260	28,919
Net cash flows provided by (used in) operating activities	$ 1,576	$ (3,720)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for acquisitions, net of cash acquired	$ (47,307)	$ (28,564)
Payment for PADS Purchase Option	—	(1,553)
Payments for property, plant and equipment	(74,319)	(21,706)
Proceeds from investments and financial asset	9,149	18,597
Payments for investments	—	(11,500)
Net cash flows used in investing activities	$ (112,477)	$ (44,726)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of shares for cash, net	$ 85,660	$ 29,243
Proceeds from exercise of warrants and options	17,128	46,587
Proceeds from issuance of senior notes and related warrants	—	51,861
Redemptions of senior notes	(8,134)	—
Interest payments for senior notes	(7,614)	(6,368)
Principal payments for promissory notes	(1,620)	(24,004)
Interest payments for promissory notes	(741)	(2,029)
Payments on lease obligations	(9,666)	(3,168)
Proceeds from other debt	7,910	3,529
Repayments of other debt	(417)	—
Proceeds from acquisition-related credit facility, net	38,299	—
Payments for acquisitions from non-controlling interests	—	(2,231)
Contributions from non-controlling interests	—	1,994
Net cash flows provided by financing activities	$ 120,805	$ 95,414
Effect of currency translation on cash and cash equivalents	(274)	(47)
NET CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	$ 9,630	$ 46,921
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	85,857	38,936
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	$ 95,487	$ 85,857

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

	For the Year Ended December 31,			
	2021		2020	
SUPPLEMENTAL CASH FLOW INFORMATION:				
Cash paid for income taxes	$	7,066	$	1,172
NON-CASH INVESTING AND FINANCING ACTIVITIES:				
Accrued capital expenditures	$	17,599	$	2,177
Fair value of note obligations and warrants issued for acquisitions and acquisitions of non-controlling interests	$	17,774	$	16,250
Fair value of shares issued for acquisitions and acquisitions of non-controlling interests	$	39,463	$	13,864
Asset acquired and liabilities assumed in business combinations and asset acquisitions:				
Cash and cash equivalents	$	3,454	$	1,102
Other current assets	$	19,440	$	5,263
Property, plant and equipment, including right-of-use lease assets	$	55,454	$	19,023
Other intangible assets	$	60,131	$	45,505
Goodwill	$	40,673	$	(3,170)
Accounts payable and accrued liabilities	$	(8,604)	$	(1,077)
Lease obligations	$	(32,210)	$	(18,895)
Deferred tax liabilities	$	(25,589)	$	(6,361)
Contingent consideration liabilities	$	(8,223)	$	—

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

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

The Company is listed on the Canadian Securities Exchange (the "CSE") and trades its subordinated voting shares ("SVS") under the ticker symbol "JUSH", and trades on the U.S. Over the Counter Stock Market ("OTCQX") under the symbol JUSHF.

The Company's head office is located at 301 Yamato Road, Suite 3250, Boca Raton, Florida 33431, U.S.A., and its registered address is Suite 1700, Park Place, 666 Burrard Street, Vancouver, British Columbia V6C 2X8, Canada.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

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

These consolidated financial statements were approved by the Board of Directors on May 2, 2022.

Basis of Presentation

These consolidated financial statements have been prepared assuming the Company will continue as a going concern. IFRS requires that an entity to look forward at least 12 months from the end of the reporting period (the "look-forward" period) when assessing whether the going concern assumption can be used. The going concern assumption contemplates the realization of assets and satisfaction of liabilities in the normal course of business.

As reflected in these consolidated financial statements, the Company has incurred losses from operations for the years ended December 31, 2021 and 2020 and has an accumulated deficit of $242,838 as of December 31, 2021. As discussed in Note 11 - Debt, the Company's 10% senior notes (the "Senior Notes"), which as of December 31, 2021 had an aggregate principal amount outstanding of $75,193, mature on January 15, 2023, and its Acquisition Facility (refer to Note 11 - Debt) required the Company to maintain certain covenants which the Company may not have been in compliance with if the court accepted Jushi Europe's petition for bankruptcy and was projected to violate certain financial covenants further within the next twelve months. Management obtained an amendment in April 2022 which included a waiver related to Jushi Europe's bankruptcy and a change to the terms of the Total Leverage ratio, as defined in the agreement, and the commencement date of leverage testing under the Acquisition Facility. Finally, while the Company has recently started to generate positive cash flows from operations in 2021, such amounts may not be sufficient to cover the outstanding principal amounts due under the Senior Notes. This condition represents a material uncertainty about the Company's ability to continue as a going concern.

Management believes that this material uncertainty has been alleviated due to: (i) cash and cash equivalents on hand, which were $94,962 as of December 31, 2021; (ii) ongoing efforts with certain lenders to refinance the Senior Notes; (iii) expected continued growth of sales, gross profit and cash flows from operations; and (iv) the ability to defer certain capital projects and reallocate funds for debt repayment, if the need arose. The Company also has access to alternative sources of debt and equity financing, including secured borrowings and through a base shelf prospectus, which allows the Company to offer up to C$500,000 in securities through the end of 2023.

Management's evaluation of the Company's liquidity position involved significant judgment. The most significant judgments involved: (i) a probability assessment of the successful refinancing of the Senior Notes; and (ii) the underlying estimates and assumptions for projected sales, gross profits and cash flow. Management believes its plans are achievable. However, there can be no assurance that the Company will be able to refinance the Senior Notes, generate positive results from operations, or obtain additional liquidity when needed or under acceptable terms, if at all.

Functional Currency

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

Correction of Errors in Previously Issued Financial Statements

During the fourth quarter of 2021, the Company identified errors in certain fair values used in the purchase price allocations for business acquisitions completed in 2019 and the first quarter of 2020. The purchase price allocations were finalized during 2020. Summarized below is the impact of the misstatements on the previously issued financial statements:

	As Previously Reported	Adjustments made during the year ended December 31, 2021			As Adjusted
		FBS Nevada	FBS Penn	BHIL	
Goodwill	$ 31,055	$ 1,421	$ 4,565	$ —	$ 37,041
Licenses	$ 118,080	$ (2,050)	$ (7,000)	$ 2,000	$ 111,030
Other intangibles (gross)	$ 17,125	$ —	$ 415	$ (1,250)	$ 16,290
Deferred tax liability, net	$ (23,798)	$ 629	$ 2,020	$ (230)	$ (21,379)
Bargain purchase gain (1)	$ 8,003	$ —	$ —	$ 520	$ 8,523
Amortization expense	$ 2,391	$ —	$ 101	$ (479)	$ 2,013

(1) The adjustment to the bargain purchase gain on business combinations of $520 is included in other income (expense), net in the consolidated statements of operations and comprehensive income (loss) for the year ended December 31, 2021.

In addition, the Company recorded an out-of-period adjustment to correct interest expense recorded on its Senior Notes. The correction resulted in a reduction in the total interest expense recognized for the year ended December 31, 2021 of $1,547.

Management concluded that the corrections were not material to previously issued consolidated financial statements. Since these errors were not material to any previously issued financial statements, no amendments to previously filed financial statements were required. Consequently, the Company has corrected for these errors by recording the adjustments during 2021. Refer to Note 8 - Goodwill and Other Intangible Assets. The misstatements above had no net impact on the Company's consolidated statements of cash flows.

Reclassifications

Where necessary, certain prior year data has been reclassified to conform to the current year presentation. These reclassifications did not have an effect on total assets, total liabilities, equity, net income (loss), net income (loss) per share or cash flows for the periods presented. Refer to Note 19 - Income Taxes.

Basis of Consolidation

These consolidated financial statements include the accounts of the Company, its wholly owned subsidiaries and entities over which the Company has control from the date control commences until the date control ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are currently exercisable are taken into account. All intercompany balances and transactions are eliminated in consolidation.

When the Company acquires less than 100% of a controlled subsidiary, the Company elects on a transaction-by-transaction basis, whether to measure non-controlling interest at its fair value or at its proportionate share of the recognized amount of the identifiable net assets, at the acquisition date. Refer to Note 7 - Acquisitions and Note 20 - Non-Controlling Interests.

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

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

NAME [(1)]	State or Country of Incorporation	Ownership Percentage as of December 31, 2021	Ownership Percentage as of December 31, 2020
Jushi Inc	Delaware	100%	100%
Agape Total Health Care Inc. [(2)]	Pennsylvania	100%	80%
Bear Flag Assets, LLC *and its wholly owned Subsidiary GSG SBCA, Inc*	California	100%	100%
Beyond Hello IL Holdings, LLC *and its wholly owned subsidiary Beyond Hello IL, LLC*	Illinois	100%	100%
Beyond Hello CA, LLC	California	100%	100%
Franklin Bioscience - Penn LLC *and its wholly owned subsidiaries*	Pennsylvania	100%	100%
JMGT, LLC	Florida	100%	100%
JREH, LLC *and its wholly owned subsidiaries*	Delaware	100%	100%
Jushi GB Holdings, LLC	California	100%	—%
Milkman, LLC [(2)(3)]	California	~78%	—%
Jushi IP, LLC	Delaware	100%	100%
Jushi MA, Inc. [(3)]	Massachusetts	100%	—%
Jushi OH, LLC *and its wholly owned subsidiaries* [(3)(4)]	Ohio	100%	100%
Jushi PS Holdings, LLC *and its wholly owned subsidiary, Organic Solutions of the Desert LLC* [(3)]	California	100%	—%
Jushi VA, LLC *and its wholly owned subsidiary Dalitso, LLC*	Virginia	100%	100%
Mojave Suncup Holdings, LLC *and its wholly owned subsidiary, Production Excellence, LLC*	Nevada	100%	100%
Production Excellence, LLC *and its wholly owned subsidiary Franklin Bioscience NV LLC* [(5)]	Nevada	100%	—%
Northeast Venture Holdings, LLC *and its wholly owned subsidiary, Pennsylvania Dispensary Solutions, LLC*	Pennsylvania	100%	100%
PASPV Holdings, LLC *and its wholly owned subsidiary, Pennsylvania Medical Solutions LLC*	Pennsylvania	100%	100%
Sound Wellness Holdings, Inc. *and its wholly owned Subsidiaries*	Delaware	100%	100%
Jushi Europe SA *and its wholly owned subsidiary JPTREH LDA (Portugal)* [(2)]	Switzerland	51%	51%

(1) Certain subsidiaries have been omitted since, in the aggregate, they do not represent a significant subsidiary.
(2) Refer to Note 20 - Non-Controlling Interests.
(3) Refer to Note 7 - Acquisitions.
(4) The wholly owned subsidiaries were acquired during the third quarter of 2021. In addition, in August 2021, the Company completed the acquisition of 100% of the equity of Franklin Bioscience OH, LLC, ("FBS - OH"). The Company had been operating FBS - OH under a management services agreement ("MSA") since 2019.
(5) In April 2021, the Company completed the acquisition of 100% of the equity of Franklin Bioscience NV LLC ("FBS Nevada"). The Company had been operating FBS Nevada under a MSA since 2019.

Summary of Significant Accounting Policies

Cash and Cash Equivalents

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

Investments in Securities

Investments in securities represents trading securities in investments in mutual funds, and other investments in equity securities. These investments are classified and measured at fair value through profit or loss, whereby unrealized gains and losses are included in other income and expense in the consolidated statement of operations in the period in which they occur.

Accounts Receivable and Expected Credit Losses

Accounts receivable are recorded at the invoiced amount and do not bear interest. Expected credit losses (or “allowance”) reflects the Company’s estimate of amounts in its existing accounts receivable that may not be collected due to customer claims or customer inability or unwillingness to pay. Collectability of accounts receivable is reviewed on an ongoing basis. Expected credit losses are determined based on a combination of factors, including the Company’s risk assessment regarding the specific exposures, credit worthiness of its customers, historical collection experience and length of time the receivables are past due. Account balances are charged off against the allowance when the Company believes it is probable the receivable will not be recovered.

During the years ended December 31, 2021 and 2020, the Company’s recorded expected credit losses were not material given that a significant majority of the Company’s sales were collected in cash at the point of sale.

Inventory

Inventories of finished goods, supplies, consumables, and products for resale are initially valued at cost and subsequently at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Inventories of harvested cannabis are transferred from biological assets at their fair value less costs to sell at harvest which becomes the deemed cost. All subsequent direct and indirect costs related to inventory are capitalized as they are incurred and they are subsequently recorded within cost of goods sold on the statements of operations at the time of sale, except for realized fair value amounts included in inventory sold which are recorded as a separate line on the face of the statements of operations. Subsequent costs also include costs such as materials, labor and depreciation expense on equipment involved in packaging, labeling and inspection. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory are written down to net realizable value. Finished goods consists of harvested cannabis, cultivation inventory transferred from work in progress and purchased from third parties, as well as retail supplies, consumables, and products for resale. Raw materials and work in process includes supplies and harvested cannabis that will be further processed.

Biological Assets

The Company’s biological assets consist of cannabis plants and are valued at fair value less cost to sell up to the point of harvest which becomes the basis for the cost of internally produced Work in Progress and Finished Goods inventory after harvest. These costs include, but are not limited to, materials, labor, supplies, depreciation expense on cultivation equipment, utilities, and facilities costs associated with cultivation. The unrealized gain or loss arising upon recognition of such biological assets at fair value less costs to sell and the change in fair value less costs to sell of biological assets are included in the consolidated statement of operations in the period in which it arises.

Property, Plant and Equipment

Property, plant, and equipment ("PP&E") are stated at cost, less accumulated depreciation and, if any, impairments, and are depreciated using the straight-line method over their estimated useful lives. The useful life and depreciation method applied to each class of assets is reassessed at each reporting date. The initial useful lives applicable to each class of the Company's PPE are as follows:

Buildings and building components	10 - 30 years
Leasehold improvements	The lesser of the term of the lease or the estimated useful life of the asset 1 - 28 years
Machinery and equipment	1 -10 years
Computer equipment	2 - 3 years
Furniture and fixtures	2 – 7 years
Right-of-Use ("ROU") assets	1 - 28 years

Land has an unlimited useful life and is, therefore, not depreciated.

Construction-in-process ('CIP") is measured at cost and represents assets under construction for build-outs not yet completed or otherwise not ready for use. When construction on a property is complete and available for use, the cost of construction which has been included in CIP will be reclassified to buildings and improvements, leasehold improvements or furniture and fixtures, as appropriate, and depreciated. The Company has elected a policy of capitalizing interest/ borrowing costs on the construction of qualifying assets which take over one year to complete.

On an annual basis, the Company reviews the carrying amounts of its PP&E, including right-of-use assets, to determine whether there is an indication of impairment. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. Refer to Note 6 - Property, Plant and Equipment information regarding the disposal/impairment of certain PP&E.

Intangible Assets

Intangible assets are recorded at cost, less accumulated amortization and impairment losses. Intangible assets acquired in a business combination or asset acquisition are measured at fair value at the acquisition date. For finite-lived intangible assets, amortization is recorded on a straight-line basis over their estimated useful lives as shown below:

Intellectual property	10 years
Customer/Patient database	5 - 10 years
Tradenames	5 - 15 Years
Non-compete	3 years

The estimated useful lives and amortization methods are reviewed at each year-end, and any changes in estimates are accounted for prospectively. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired (a “triggering event”). Finite-lived assets are subject to impairment testing only upon a triggering event. Intangible assets with indefinite lives are comprised primarily of acquired licenses, which are estimated to have indefinite lives because they are expected to generate cash flows indefinitely.

Goodwill

Goodwill represents the excess of the price paid for the acquisition of a business over the fair value of the net identifiable tangible and intangible assets and liabilities acquired. Goodwill is allocated to the cash generating unit (“CGU”) or CGUs to which it relates. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company allocates goodwill to one or more CGUs for the purpose of impairment testing.

Goodwill is not subject to amortization and is tested annually for impairment or more frequently if events or changes in circumstances indicate that the carrying amount of goodwill might be impaired. Impairment is determined for goodwill by assessing if the carrying value of the CGU, to which goodwill has been allocated, exceeds its recoverable amount determined as the greater of the estimated fair value less costs of disposal and the value in use. Impairment losses recognized in respect of the CGUs are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGUs to the extent that their carrying amounts exceed their recoverable amounts. Any goodwill impairment is recorded in the consolidated statements of operations and comprehensive income (loss) in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed.

Leases

IFRS 16 *Leases* (“IFRS 16”) 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 (“ROU”) 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 are 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 or the estimated useful life, 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 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. These adjustments are recorded through profit or loss.

Sale and Leaseback Accounting

A sale and leaseback transaction involves the transfer of an asset to another entity and the leaseback of the same asset. The Company applies IFRS 15 and IFRS 16 when accounting for sale and leaseback transactions. The Company has exercised judgment to determine if a transaction qualifies as a sale and leaseback transaction. A sale and leaseback is recognized as a sale when the control of the asset has been transferred to the purchaser. If a transaction were to meet the criteria for a sale and leaseback accounting, the Company would be required to recognize any gain or loss related to the transfer of rights of the asset to the buyer-lessor and to measure the ROU asset arising from the leaseback at the retained portion of the previous carrying amount.

Revenue Recognition

The Company accounts for revenue under IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"). 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 Company has three revenue streams: (i) cannabis retail (ii) cannabis wholesale; and (iii) other. The retail revenues are comprised of cannabis operations for medical and adult-use dispensaries. The Company's wholesale revenues are comprised of cannabis cultivation, processing, production and distribution of cannabis for medical and adult-use. The Company's other operations primarily include the Company's hemp/cannabidiol ("CBD") retail operations. Any intercompany revenue and any costs between entities are eliminated to arrive at consolidated totals.

Under IFRS 15, revenue from the sale of goods is generally recognized upon the satisfaction of the performance obligation at the point in time when control over the goods have been transferred to the customer. Payment is typically due upon transferring the goods to the customer or within a specified time period permitted under the Company's credit policy. The Company recognizes revenue, net of discounts, upon delivery and acceptance by the customer.

Loyalty Program

The Company offers a loyalty reward program to its retail customers. A portion of the revenue generated in a sale is allocated to the loyalty points earned. The Company records a reduction in revenue and a liability based on the estimated probability of the point obligation incurred, calculated based on a standalone selling price of each point. The amount allocated to points earned is deferred until points are redeemed or expire, at which time the obligation is relieved and the points redeemed are recorded as revenue.

Non-Controlling Interests

Non-controlling interest in an acquiree, if any, is recognized either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets, determined on an acquisition-by-acquisition basis.

Share Capital and Share Reserves

Transaction costs directly attributable to the issuance of common shares are deducted from equity. Stock options, warrants and restricted stock issued are recorded in share reserves. The proceeds from the exercise of stock options or warrants, together with amounts previously recorded in share reserves over the vesting periods, are recorded as share capital. Amounts in reserves relating to restricted stock issued are reclassified to share capital at the time when the restricted award vests.

Share-Based Payment Arrangements

The Company operates equity settled share-based remuneration plans for its eligible directors, officers, employees and consultants. All goods and services received in exchange for the grant of any share-based payments are measured at their grant date fair value. For equity instruments issued to non-employees for goods or services, the fair value of the goods and services received is used to determine the fair value unless the fair value cannot be estimated. The Company uses the Black-Scholes valuation model to determine the grant-date fair value of options and non-derivative warrants. The inputs into the Black-Scholes valuation model, including the expected term of the instrument, expected volatility, risk-free interest rate and dividend rate are determined by reference to the underlying terms of the instrument, and the Company's experience with similar instruments. Restricted stock awards are measured at their grant date market value. Equity settled share-based payments under share-based payments plans are ultimately recognized as an expense in profit or loss with a corresponding credit to reserves for share-based payments. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from the previous estimate, and a cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting. Upon the exercise of stock options or warrants, consideration received on the exercise of these equity instruments is recorded as share capital and the related share-based payment reserve is transferred to share capital. Upon the vesting of restricted stock awards, the related warrants reserve amount is transferred to share capital.

Income Taxes

Tax expense recognized in profit or loss comprises the sum of current and deferred taxes not recognized in other comprehensive income or directly in equity. As noted further in Note 19 - Income Taxes, the Company is subject to the limitations of Section 280E of the Internal Revenue Code.

Current Tax

Current tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which may differ from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full. Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority. Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income (loss) or equity, respectively.

Uncertain Tax Positions and Deferred Taxes

The Company's tax provision requires management to assess the amount of tax payable on open tax positions where the liabilities remain to be agreed with tax authorities. Uncertain tax items for which a provision is made, relate principally to the interpretation of tax legislation regarding arrangements entered into by the Company. Due to the uncertainty associated with such tax items and any related deferred tax amounts, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ significantly.

Deferred tax assets, including those arising from tax loss carryforwards, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

Basic and Diluted Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to Jushi shareholders by the weighted average number of shares outstanding (which includes all of the Company's shares outstanding on a non-converted basis) during the respective periods presented. Diluted earnings (loss) per share is calculated using the weighted average number of common shares that would have been outstanding during the respective periods had all dilutive potential common shares outstanding at period-end been converted into shares at the beginning of the period and the proceeds used to repurchase the Company's common shares at the average market price for the period. If these computations prove to be anti-dilutive, diluted earnings (loss) per share is the same as basic earnings (loss) per share.

Financial Instruments

Financial assets and financial liabilities are recognized in the consolidated statement of financial position at the time the Company becomes a party to the contractual provisions of the financial instrument.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: (i) measured at fair value through profit or loss ("FVTPL"); (ii) measured at fair value through other comprehensive income (loss) ("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 either recorded in profit or loss or other comprehensive income (loss). Financial liabilities are not reclassified.

Financial Assets

Under IFRS 9 *Financial Instruments* ("IFRS 9"), financial assets are initially measured at fair value. In the case of a financial asset not categorized as FVTPL, transaction costs are included. Transaction costs of financial assets carried at FVTPL are expensed in net income (loss). Subsequent classification and measurement of financial assets depends on the Company's business objective for managing the asset and the cash flow characteristics of the asset:

- 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 accounts receivable, short-term notes receivable, and certain other short-term and long-term assets.

- Fair value through other comprehensive income (loss) - 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 (loss). 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 (loss). Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income (loss) is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income (loss).

- 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, investments in securities and other long-term financial assets.

- 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

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

Expected Credit Losses

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 accounts receivable 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 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, including trade 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 risk of default over the contract period, 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.

Financial Liabilities

Recognition and Initial Measurement

The Company initially recognizes financial liabilities at fair value on the date at which the Company becomes a 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. The subsequent measurement of financial liabilities is determined based on their classification as either FVTPL or amortized cost.

- FVTPL – Derivative financial instruments entered into by the Company that do not meet hedge accounting criteria are classified as FVTPL. Gains or losses on these types of financial liabilities are recognized in net income (loss).

- Amortized cost – All other financial liabilities are classified as amortized cost using the effective interest method. Gains and losses are recognized in net income (loss) through the amortization process as well as when the liabilities are derecognized. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Senior Notes Issued with Derivative Liabilities

Certain senior notes were issued together with detachable warrants. The warrants, which are classified as a derivative liability, were initially measured at fair value and remeasured at each reporting period through profit and loss. The residual amount (total fair value of the consideration received less the fair value of the warrants) was allocated to the senior notes at initial recognition. The senior notes are subsequently measured at amortized cost. If warrants do not have a variable conversion rate or a net settlement feature, they are recognized as equity and are not remeasured at each reporting period through profit and loss. The mandatory prepayment option on the senior notes represents an embedded derivative which was bifurcated and is recorded at fair value through profit or loss (FVTPL) at each reporting period. Debt issuance costs are allocated to the senior notes and to the derivative warrants liability based on their initial relative fair values.

Refer to Note 23 - Financial Instruments and Financial Risk Management, for a summary of the Company's classification and measurement of financial assets and liabilities.

Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties. Transactions with related parties are entered into during the normal course of business and are measured at the amount established and agreed to by the parties.

Significant Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from 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 that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

Business Combinations

Judgment is used in determining whether an acquisition is a business combination or an asset acquisition, and whether control is obtained in the acquisition. In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities, and fair value of consideration transferred. Judgement is required to assess whether the amounts paid at acquisition and on achievement of milestones represent contingent consideration or compensation for post-acquisition services, or the settlement of pre-existing relationships. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, management may obtain the assistance of an independent valuation expert to estimate its fair value by using appropriate valuation techniques, which are generally based on a forecast of the relevant expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. Where estimated or provisional fair values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods, as if the accounting for the business combination had been completed at the acquisition date. The measurement period lasts up to one year from the acquisition date.

Estimated Useful Lives, Depreciation of Property, Plant and Equipment, and Amortization of Intangible Assets

Depreciation and amortization of property, plant and equipment (including right-of-use leased assets) and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment.

Amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Actual amortization expense to be reported in future periods could differ from these estimates as a result of new intangible asset acquisitions, changes in useful lives or other relevant factors or changes.

Impairment of Long-lived Assets

The Company evaluates the carrying value of long-lived assets, including right-of-use ("ROU") assets, at the end of each reporting period whether there is any indication that a long-lived asset is impaired. Such indicators include evidence of physical damage, indicators that the economic performance of asset is worse than expected, or that the decline in asset value is more than the passage of time or normal use, or significant changes occur with an adverse effect on the Company's business. If any such indication exists, the Company estimates the recoverable amount of the asset. An asset is impaired when its carrying amount exceeds its recoverable amount. The Company measures impairment based on the amount by which the carrying value exceeds the estimated fair value of the long-lived asset. The fair value is determined primarily by using the projected future cash flows discounted at a rate commensurate with the risk involved as well as market valuations. Losses on long-lived assets to be disposed of are determined in a similar manner, except that the fair values are reduced for an estimate of the cost to dispose or abandon. For ROU assets, the corresponding lease liability is also 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.

Goodwill and Indefinite-lived Intangible Asset Impairment

Goodwill and indefinite-lived assets, primarily licenses, are tested annually for impairment or more frequently if events or changes in circumstances indicate that the carrying amount of goodwill or indefinite-lived intangible assets has been impaired. In order to determine if the value of goodwill or indefinite-lived assets has been impaired, the cash-generating unit ("CGU") to which goodwill has been allocated and the indefinite lived assets must be valued using present value techniques. When conducting this assessment, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill or other intangible assets. For example, declines in the estimated future profitability of individual CGUs due to economic or market conditions or otherwise, as well as adverse changes in legal, financial, political, competitive and other conditions, or other adverse changes in the key valuation assumptions contributing to the estimated fair value of a CGU, could adversely affect the estimated fair values of the related CGU, which could result in an impairment of the recorded balances of goodwill or other intangible assets.

Management is required to use judgement in determining the grouping of assets to identify their CGUs for the purposes of testing goodwill and indefinite-lived intangible assets for impairment. For the purpose of testing licenses, each store/location is generally deemed a CGU since it generates cash inflows that are largely independent from the cash flows of the other stores/locations. For the purpose of testing goodwill, goodwill (from the acquisition date of a business combination) is allocated to each CGU or group of CGUs expected to benefit from the synergies of the business combination. Impairment is determined for goodwill by assessing if the carrying value of the CGU, including goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs of disposal and the value in use. Impairment losses recognized in respect of the CGUs are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGUs. Any goodwill impairment is recorded in the consolidated statements of operations and comprehensive income (loss) in the period in which the impairment is identified.

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

For the years ended December 31, 2021 and 2020, the Company performed its annual impairment tests on goodwill and indefinite-lived intangible assets during the fourth quarter of 2021, and for the purposes of impairment testing, goodwill and indefinite-lived intangibles (licenses) have been allocated to the CGUs as follows:

		Goodwill	
Description of CGU	Type	2021	2020
Franklin BioScience Nevada	Cultivation	$ —	$ 963
Franklin BioScience Pennsylvania	Retail	31,487	26,922
Pennsylvania Dispensary Solutions	Retail	3,170	3,170
Organic Solutions of the Desert	Retail	3,001	—
Nature’s Remedy	Cultivation/Processing/Retail	37,672	—
		$ 75,330	$ 31,055

		Indefinite Lived Intangibles (Licenses)	
Description of CGU	Type	2021	2020
Dalitso	Cultivation/Processing/Retail	$ 25,700	$ 25,700
Franklin BioScience Nevada	Cultivation	3,150	5,200
Franklin BioScience Pennsylvania	Retail	33,600	40,600
Pennsylvania Dispensary Solutions	Retail	4,182	4,182
Agape Total Healthcare	Retail	7,881	7,881
GSG Santa Barbara	Retail	5,328	5,328
Beyond Hello Illinois	Retail	8,500	6,500
Pennsylvania Medical Solutions	Cultivation/Processing	19,189	19,189
Franklin BioScience Ohio	Processing	3,500	3,500
Organic Solutions of the Desert	Retail	2,160	—
Grover Beach	Retail	3,654	—
Nature’s Remedy	Cultivation/Processing/Retail	46,000	—
OhiGrow	Cultivation	1,817	—
		$ 164,661	$ 118,080

For the year ended December 31, 2021, the Company estimated the recoverable amount using either the higher of a value in use approach (“VIU”) for CGUs in operation or a fair value less cost of disposal approach (“FVLCOD”). The Company estimated the recoverable amount using a FVLCOD for all CGUs in operation, except for FBS Nevada, for which the Company estimated the recoverable amount using a VIU approach. Under the VIU approach, a discounted cash flow methodology was used, considering: (i) management estimates, such as projections of revenue, operating costs and cash flows, taking into consideration historical and anticipated financial results; (ii) general industry, economic and market conditions; (iii) legal outlook assumptions; and (iv) the impact of planned business and operational strategies. The key assumptions include a five-year forecast period, a perpetual growth rate of 3% and an estimated discount rate of 16.5%. Under the FVLCOD approach, fair value was determined using market comparisons of recently completed transactions. For each CGU, the FVLCOD or the VIU was compared to the relevant carrying amount to determine if an impairment exists. As a result of the impairment test, management concluded that the carrying value of FBS Nevada was higher than its recoverable value and the Company recorded an impairment loss of $2,384 during the year ended December 31, 2021.

The impairment loss was fully allocated to goodwill. For all other CGUs, the recoverable amounts were higher than the carrying amounts as of December 31, 2021, therefore no impairments were recognized. A 10% decrease in FVLCOD at GSG Santa Barbara and Franklin BioScience Ohio, would result in an impairment of approximately $350.

Refer to Note 8 - Goodwill and Other Intangible Assets for an impairment of goodwill and intangibles as a result of a legal settlement during the year ended December 31, 2020. For the year ended December 31, 2020, the Company performed its annual impairment test during the fourth quarter and concluded that there was no additional impairment, as the carrying values significantly exceeded the VIU or FVLCOD.

Share-Based Compensation

The Company uses the Black-Scholes option-pricing model to determine the fair value of equity-based grants. In estimating fair value, management is required to make certain assumptions and estimates such as the expected term, volatility of the Company’s future share price, risk free rates, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

Value of Inventory and Biological Assets

The valuation of biological assets at the point of harvest is the cost basis for all cannabis-based inventory and thus any critical estimates and judgements related to the valuation of biological assets are also applicable for inventory. Refer to Note 4 - Inventory and Biological Assets. In calculating the value of the biological assets and inventory, the estimates management makes include: estimating the stage of growth of the cannabis up to the point of harvest, the likelihood the cannabis plants will grow to full maturity, harvesting costs, selling costs, average or expected selling prices and list prices, and expected yields from the cannabis plants. In calculating final inventory values, management compares the inventory cost to estimated net realizable value. The Company must also determine if the cost of any of its inventory exceeds its net realizable value, such as cases where prices have decreased or inventory has spoiled or otherwise been damaged.

Fair Value of Financial Instruments Measurements

Fair value is defined as a price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on a specified date. The Company calculates the estimated fair value of financial instruments using quoted market prices whenever available and utilizes standard pricing financial models in situations where quoted market prices are not available. The determination of estimated fair value is an area of significant judgment given that it is subject to various inputs, assumptions and estimates. Significant fair value estimates of the Company’s financial instruments include, but may not be limited to, the fair values of derivative liabilities, certain investments, and contingent consideration receivable. These are Level 3 recurring fair value measurements. In estimating fair value, management may be required to make certain assumptions and estimates including, but not limited to: the expected term, volatility of the Company’s future share price, risk free rates and discount rates, future dividend yields, future cash flows. and credit spreads. If any of the assumptions used in the calculations were to increase or decrease, this could result in material or significant increases or decreases in the estimated fair values.

Leases - Discount Rate

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. Judgment was also exercised in determining whether any purchase options need to be included in the lease payments for certain leases.

COVID-19

The Company has not experienced any material impact to its business as a result of COVID-19 since the date of the last annual report. However, due to the coronavirus pandemic, the Company implemented new procedures at all operating locations to better protect the health and safety of its employees, medical patients, and customers across its network of dispensaries at the onset of the COVID-19 outbreak. Depending on the location, some of the initiatives include, but are not limited to: reducing the number of point-of-sale registers, restricting the number of people permitted in-store, limiting store hours to those most susceptible, and offering curbside pick-up. The Company has also directed a significant amount of traffic to its recently launched online educational tool and reservation platform, www.beyond-hello.com, which enables a medical patient or customer to view real-time pricing and product availability, and reserve products for convenient in-store pick-up at BEYOND / HELLO™ locations across Pennsylvania, Illinois, California, and Virginia. The Company's dispensaries have remained open throughout the pandemic, and as a result, the Company experienced no adverse impact to its operations, financial performance, financial condition (including its ability to obtain financing), and cash flows resulting from COVID-19.

Recent Accounting Pronouncements

The Company did not adopt any new or amended IFRS standards during the years ended December 31, 2021 and 2020.

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

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

In May 2020, the IASB issued an amendment to *IAS 37, Provisions, Contingent Liabilities and Contingent Assets ("IAS 37").* The amendment to IAS 37 clarifies the meaning of costs to fulfill a contract and that before a separate provision for an onerous contract is established, an entity recognizes any impairment loss that has occurred on assets used in fulfilling the contract, rather than on assets dedicated to the contract. This amendment will be effective for annual periods beginning on or after January 1, 2022. The Company is currently evaluating this guidance and the impacts that the amendments may have on the Company's consolidated financial statements.

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

3. INVESTMENTS IN SECURITIES

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

	Investments in Mutual Funds	Organigram Shares	Cresco Shares and Warrants	Cresco Notes and Accrued Interest	Total
Balance as of January 1, 2020	$ 1,272	$ —	$ 10,995	$ 5,646	$ 17,913
Cash invested	10,000	—	—	—	10,000
Value of shares received/granted	—	1,092	387	(387)	1,092
Cash received	—	—	—	(5,193)	(5,193)
Redemption of investments/investments sold	(5,038)	(685)	(7,681)	—	(13,404)
Reinvested income and changes in fair value (1)	(451)	(407)	(1,550)	(66)	(2,474)
Balance as of December 31, 2020	$ 5,783	$ —	$ 2,151	$ —	$ 7,934
Redemption of investments/investments sold	(5,898)	—	(3,251)	—	(9,149)
Reinvested income and changes in fair value (1)	115	—	1,100	—	1,215
Balance as of December 31, 2021	$ —	$ —	$ —	$ —	$ —
Level within the Fair Value Hierarchy (Note 23)	Level 1	Level 1	Level 1 & Level 2	Level 3	

(1) The reinvested income and changes in fair value in the table above are included in other income (expense), net in the consolidated statements of operations and comprehensive income (loss).

Investments in Mutual Funds

During the year ended December 31, 2021, the Company sold all of its investments in mutual funds and did not own any shares in the mutual funds as of December 31, 2021. The Company owned 603,749 shares in mutual funds with a fair value of $9.58 per share as of December 31, 2020.

Organigram Shares

A total of 0.4 million Organigram Holdings Inc. (“OGI”) common shares were received in connection with the acquisition of TGS Illinois Holdings LLC in the first quarter of 2020 (refer to Note 7 - Acquisitions), all of which were sold by December 31, 2020.

Cresco

In October 2019, as consideration for its sale of its 16.5% equity investment in Gloucester Street Capital, LLC (“GSC”), the parent company of New York state licensed cannabis operator Valley Agriceuticals, LLC, to Cresco Labs Inc. (“Cresco””), the Company was issued 7,180 of Cresco proportionate voting shares (which were converted in January 2020 into a total of 1,436,000 Cresco subordinate voting shares), 1,657 warrants for proportionate voting shares of Cresco (which were convertible into 331,400 warrants for Cresco subordinate voting shares), and received short-term secured notes (the "Cresco Notes") and cash. During the year ended December 31, 2020, the Company received payment of $5,193 for the Cresco Notes and was also granted 330 Cresco Labs Inc. proportionate voting shares (which were subsequently converted on a 200:1 basis into 66,000 subordinate voting shares) as payment for the interest accrued.

As of December 31, 2020, the Company owned approximately 24,600 Cresco shares with a fair value of $9.87 each, for a total of $243 and the Cresco warrants were valued at $1,908. The fair value of the tradable shares was determined based on the share price. The fair value of the warrants was determined based on a Black-Scholes model using the following assumptions:

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

	December 31, 2020
Quote market price	$9.87
Strike price	$4.24
Estimated life	0.75 years
Volatility	70%
Risk-free interest rate	0.10%
Dividend rate	—%

During the year ended December 31, 2021, the Company net exercised the warrants and received 207,599 Cresco subordinate voting shares. The Company subsequently sold all its outstanding Cresco shares during the year ended December 31, 2021.

The Company is also eligible to receive certain contingency payouts of up to a total of $1,650 in cash plus 440,000 Cresco shares, from the sale of its minority interest in GSC, which are tied to both the performance of the GSC operations as well as the development of the New York market. As of December 31, 2021, the Company had not recognized a receivable as the gain contingency was not determined to be realizable.

Other Equity Investment

Refer to Note 9 - Other Long-Term Assets for a long-term equity investment.

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

4. INVENTORY AND BIOLOGICAL ASSETS

Inventory

The components of inventory are as follows:

	December 31, 2021	December 31, 2020
Finished goods	$ 33,123	$ 12,083
Work in progress and raw materials	11,198	1,019
Less: Inventory reserve	(2,891)	(136)
Total inventory	$ 41,430	$ 12,966

The total inventory values as of December 31, 2021 consist of capitalized costs of $36,690 plus fair value adjustments of $4,740. The total inventory values as of December 31, 2020 consist of capitalized costs of $10,317 plus fair value adjustments of $2,649. The fair value adjustments relate to finished goods. Refer to Note 18 - Nature of Expenses for total inventory expensed included in cost of goods sold and provisions for inventory losses.

Biological Assets

The continuity of biological assets is as follows:

	For the Year Ended December 31,	
	2021	2020
Balance as of beginning of year	$ 3,962	$ 271
Purchased as part of a business acquisition	5,549	1,946
Cost incurred until harvest	12,514	2,386
Effect of unrealized change in fair value of biological assets	14,559	6,776
Transferred to inventory upon harvest	(25,735)	(7,417)
Balance as of end of year	$ 10,849	$ 3,962

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

- Yield per plant – number of grams of dry cannabis expected to be harvested.
- Selling price – using spot price reports and where applicable, wholesale contract prices per gram.
- Stage of growth – weighted average number of weeks out of the total growing cycle that biological assets have reached as of the measurement date. The Company has an average 16-week growing cycle.
- Wastage – percentage expected to fail to mature into cannabis plants that can be harvested.
- Post-harvest costs – cost per gram of post harvested cannabis to bring the cannabis to a saleable product, consisting of the cost of direct and indirect materials, labor related to labelling and packaging, and selling costs.

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

	December 31, 2021	Effect of 10% Change as of December 31, 2021 (in $000s)		December 31, 2020	Effect of 10% Change as of December 31, 2020 (in $000s)	
Selling price	$2.18 to $5.29	$	2,205	$3.23 to $6.99	$	509
Stage of growth	5.7 to 8.1 weeks	$	935	2.6 to 9.5 weeks	$	385
Yield by plant	117 to 155 grams	$	935	33 to 144 grams	$	395
Wastage	3.1% to 9.6%	$	914	0.0% to 10.1%	$	43
Post-harvest costs	$0.09 -$0.39	$	1,521	$0.34 to $0.92	$	61

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets include the following:

	December 31, 2021		December 31, 2020	
Prepaid expenses and deposits		3,837		3,318
Landlord receivables for leasehold improvements		7,357		806
Employee receivable		248		—
Other current assets		1,433		567
Total prepaid expenses and other current assets	$	12,875	$	4,691

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

6. PROPERTY, PLANT AND EQUIPMENT

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

	Buildings and Building Components	Land	Leasehold Improvements	Machinery and Equipment	Computer Equipment	Furniture and Fixtures	ROU Assets (1)	Construction in Process (2)	Total
Cost									
Balance as of January 1, 2020	$ 4,563	$ 1,738	$ 5,022	$ 290	$ 288	$ 1,284	$ 6,765	$ 3,648	$ 23,598
Additions from capital expenditures and leases	44	256	77	64	230	816	15,286	19,570	36,343
Additions from acquisitions	—	—	1,092	343	56	478	16,904	150	19,023
Disposals	—	—	(30)	—	—	(2)	(672)	(276)	(980)
Lease modifications	(100)	—	—	—	—	—	(1,520)	—	(1,620)
Reclassification	2,172	—	15,026	521	196	829	—	(18,742)	2
Balance as of December 31, 2020	$ 6,679	$ 1,994	$ 21,187	$ 1,218	$ 770	$ 3,405	$ 36,763	$ 4,350	$ 76,366
Additions from capital expenditures and leases	24,334	8,196	2,128	605	944	2,348	51,148	47,013	136,716
Additions from acquisitions	5,080	2,680	5,935	7,742	219	742	32,550	506	55,454
Lease disposal - purchase of previously leased facility and ROU reassessments	13,748	—	(13,752)	(51)	—	(35)	(3,509)	(571)	(4,170)
Other disposals (4)	—	(489)	—	—	—	—	—	(3,962)	(4,451)
Transfers	—	—	6,743	3,142	289	1,540	—	(11,714)	—
Balance as of December 31, 2021	$ 49,841	$ 12,381	$ 22,241	$ 12,656	$ 2,222	$ 8,000	$ 116,952	$ 35,622	$ 259,915
Accumulated Depreciation									
Balance as of January 1, 2020	$ (88)	$ —	$ (214)	$ (63)	$ (55)	$ (105)	$ (481)	$ —	$ (1,006)
Depreciation (3)	(297)	—	(590)	(159)	(145)	(356)	(1,534)	—	(3,081)
Reclassification	(56)	—	56	—	—	—	—	—	—
Disposals	—	—	14	—	—	—	178	—	192
Balance as of December 31, 2020	$ (441)	$ —	$ (734)	$ (222)	$ (200)	$ (461)	$ (1,837)	$ —	$ (3,895)
Lease disposal and reassessments	(394)	—	391	(11)	—	—	(3)	—	(17)
Depreciation (3)	(1,305)	—	(1,753)	(1,057)	(495)	(999)	(4,414)	—	(10,023)
Balance as of December 31, 2021	(2,140)	—	(2,096)	(1,290)	(695)	(1,460)	(6,254)	$ —	(13,935)
Carrying amount									
Balance as of December 31, 2020	$ 6,238	$ 1,994	$ 20,453	$ 996	$ 570	$ 2,944	$ 34,926	$ 4,350	$ 72,471
Balance as of December 31, 2021	$ 47,701	$ 12,381	$ 20,145	$ 11,366	$ 1,527	$ 6,540	$ 110,698	$ 35,622	$ 245,980

(1) Substantially all of the Company's ROU assets pertain to building leases. Refer to Note 13 - Lease Obligations, for further details on lease obligations.
(2) Construction in Progress represents assets under construction for manufacturing and retail build-outs not yet ready for use.
(3) For the years ended December 31, 2021 and 2020, depreciation absorbed into inventory production totaled $4,970, and $341, respectively, and depreciation expensed for cost of goods sold totaled $2,627 and $341, respectively.
(4) For the year ended December 31, 2021, other disposals include leasehold improvements and land related to Jushi Europe, which the Company determined will no longer be used and were an insignificant part of the Company's business, Refer to Note 20 - Non-Controlling Interests for additional information.

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

7. ACQUISITIONS

2021 Business Combinations and Asset Acquisitions

The Company had the following acquisitions during the year ended December 31, 2021: (i) Nature's Remedy; (ii) OSD; (iii) OhiGrow; and (iv) Grover Beach (all defined below).

The following table summarizes the preliminary purchase price allocations for these acquisitions as of their respective acquisition dates:

	Business Combinations		Asset Acquisitions		
	Nature's Remedy	OSD	OhiGrow	Grover Beach	Total
Assets Acquired:					
Cash and cash equivalents	$ 3,195	$ 259	$ —	$ —	$ 3,454
Prepaids	325	53	—	—	378
Accounts receivable	263	—	—	—	263
Biological assets	5,549	—	—	—	5,549
Inventory	10,333	184	—	—	10,517
Indemnification assets (1)	1,322	1,411	—	—	2,733
Property, plant and equipment	19,470	—	3,165	269	22,904
Right-of-use assets	28,641	1,859	—	2,050	32,550
Intangible assets - license (2)	46,000	2,160	1,817	3,654	53,631
Intangible assets - tradenames (2)	4,400	—	—	—	4,400
Intangible assets - customer database (2)	2,100	—	—	—	2,100
Deposits	20	8	—	19	47
Total assets acquired	$ 121,618	$ 5,934	$ 4,982	$ 5,992	$ 138,526
Liabilities Assumed:					
Accounts payable and accrued liabilities	$ (7,004)	$ (1,600)	$ —	$ —	$ (8,604)
Lease liabilities	(28,319)	(1,859)	—	(2,032)	$ (32,210)
Deferred tax liabilities	(24,369)	(1,220)	—	—	$ (25,589)
Total liabilities	$ (59,692)	$ (4,679)	$ —	$ (2,032)	$ (66,403)
Net assets acquired	$ 61,926	$ 1,255	$ 4,982	$ 3,960	$ 72,123
Goodwill	37,672	3,001	—	—	40,673
Total	$ 99,598	$ 4,256	$ 4,982	$ 3,960	$ 112,796
Consideration:					
Consideration paid in cash, as adjusted for working capital adjustments	$ 40,360	$ 1,827	$ 4,949	$ 3,592	$ 50,728
Consideration paid in promissory notes (fair value) (3)	15,345	2,429	—	—	$ 17,774
Consideration paid in shares	35,670	—	—	368	$ 36,038
Contingent consideration	8,223	—	—	$ —	$ 8,223
Capitalized costs	—	—	33	$ —	$ 33
Fair value of consideration	$ 99,598	$ 4,256	$ 4,982	$ 3,960	$ 112,796

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

(1) As part of the OSD and Nature's Remedy acquisition agreements, the sellers contractually agreed to indemnify the Company for certain amounts that may become payable, including for taxes, that relate to periods prior to the date of acquisition. Accordingly, the Company recorded indemnification assets and corresponding estimated accrued tax liabilities, at fair value, for a total of $2,733 as of the dates of the acquisitions. The range of total estimated potential indemnification assets is from $0 to $6,322; however, there is no limit on the Nature's Remedy indemnification asset. During the year ended December 31, 2021, the Company adjusted the indemnification assets and corresponding estimated accrued tax liability for OSD by $1,124 as a result of additional information obtained about facts and circumstances that existed as of the acquisition date. Additional subsequent changes in the amounts recognized for the indemnification assets may occur in relation to the provision for the corresponding tax liabilities, according to changes in the range of outcomes or the assumptions used to develop the estimates of the liabilities at the time of the acquisition.
(2) The licenses acquired have indefinite useful lives. The customer relationships have a useful life of 15 years and the tradenames have a useful life of 5 years.
(3) Refer to "Promissory Notes" in Note 11 - Debt for details on the seller notes.
(4) During the fourth quarter of 2021, the Company updated the purchase price allocations for Nature's Remedy and OSD and adjusted for the following measurement period adjustments as a result of additional information obtained about facts and circumstances that existed as of the acquisition date:

	As Previously Reported	Adjustments to Nature's Remedy	Adjustments to OSD	As Currently Reported
	(Unaudited)	(Unaudited)	(Unaudited)	
Assets Acquired:				
Inventory and biological assets	$ 28,155	$ (12,089)	$ —	$ 16,066
Property, plant and equipment	$ 20,272	$ 2,632	$ —	$ 22,904
Intangible assets - license [(2)]	$ 53,171	$ —	$ 460	$ 53,631
Intangible assets - tradenames [(2)]	$ 4,800	$ (400)	$ —	$ 4,400
Intangible assets - customer database [(2)]	$ 3,600	$ (1,500)	$ —	$ 2,100
Liabilities Assumed:				
Accounts payable and accrued liabilities	$ (8,571)	$ (29)	$ (4)	$ (8,604)
Deferred taxation liabilities	$ (27,500)	$ 2,051	$ (140)	$ (25,589)
Goodwill	$ 32,017	$ 9,345	$ (689)	$ 40,673
Consideration:				
Consideration paid in cash, as adjusted for working capital adjustments	$ 50,724	$ 10	$ (6)	$ 50,728
Consideration paid in promissory notes (fair value)	$ 18,141	$ —	$ (367)	$ 17,774

2021 Business Combinations

Nature's Remedy

On September 10, 2021, the Company acquired 100% of the equity of Nature's Remedy of Massachusetts, Inc. pursuant to a merger and certain of its affiliates pursuant to member interest purchases (collectively, "Nature's Remedy"), for upfront consideration comprised of cash, net of working capital adjustments, 8,700,000 subordinate voting shares (with a grant date fair value of $4.10 each), an $11,500 unsecured three-year note and a $5,000 unsecured five-year note. Refer to "Promissory Notes Payable" in Note 11 - Debt for details on the seller notes.

Nature's Remedy is a vertically-integrated single state operator in Massachusetts and currently operates two retail dispensaries, in Millbury, MA and Tyngsborough, MA, and a 50,000 sq. ft. cultivation and production facility in Lakeville, MA. The goodwill is not tax deductible.

The Company also agreed to issue a $5,000 increase to the principal balance of the three-year note and up to an additional $5,000 in Company Subordinate Voting Shares ("SVS") upon the occurrence or non-occurrence of certain events after the closing date. The payment of the contingent consideration depends on whether or not a competitor opens a competing dispensary within a certain radius of the Company's dispensary in the Town of Tyngsborough, MA during the first 12 months following the acquisition (The "First Milestone Period") or during the 18 months following the end of the First Milestone Period. As of the date of acquisition, the Company recognized a contingent consideration liability of $8,223, a Level 3 measurement amount, which was based on the weighted-average probability of the potential outcomes. The estimated range of such additional consideration is between $0 and $10,800 (which also includes the interest on the additional principal for the three-year note). Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred for the business combination. Contingent consideration that is classified as a liability is remeasured at subsequent reporting dates with the corresponding gain or loss being recognized in the consolidated statement of operations and comprehensive income (loss). There was no change in the fair value of the contingent consideration from the date of acquisition through December 31, 2021.

OSD

On April 30, 2021, the Company acquired 100% of the equity of Organic Solutions of the Desert, LLC ("OSD"), an operating dispensary located in Palm Springs, California, for consideration comprised of cash, as adjusted for working capital adjustments and $3,100 principal amount of promissory notes. Refer to "Promissory Notes Payable" in Note 11 - Debt for details on the seller notes. The goodwill is not tax deductible.

Preliminary Purchase Price Allocations for Business Combinations

The consideration has been allocated to the estimated fair values of the assets acquired and liabilities assumed at the dates of the acquisitions and remain preliminary as of December 31, 2021. These estimated fair values involve significant judgement and estimates. The primary areas of judgement involved are the valuation of the intangible assets acquired, which requires management to estimate value based on future cash flows from these assets. The primary areas of the preliminary purchase price allocations that are not yet finalized relate to: intangible assets acquired, property, plant and equipment, indemnification assets, contingent consideration, deferred tax liabilities, and residual goodwill. The Company expects to continue to obtain information to assist in determining the fair value of the net assets acquired as of the respective acquisition dates during the measurement period.

2021 Business Combinations Acquisition Results and Unaudited Supplemental Proforma Financial Information

If the business combinations had occurred on January 1, 2021, consolidated proforma revenue and consolidated proforma net income for the year ended December 31, 2021 would have been $239,937 and $16,276, respectively. These amounts have been calculated using actual results and adding pre-acquisition results, after adjusting for additional depreciation and amortization that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from January 1, 2021, as well as adjustments for acquisition costs and incremental interest expense relating to consideration paid, and changes to conform to the Company's accounting policies.

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

The following table summarizes revenue and net income (loss) from the respective acquisition dates through December 31, 2021:

	Nature's Remedy	OSD	Total
Revenue	$ 13,870	$ 1,237	$ 15,107
Net income (loss)	$ 2,334	$ (503)	$ 1,831

The above results are after the elimination of intercompany transactions.

2021 Asset Acquisitions

The Company determined that the OhiGrow and Grover Beach acquisitions described below did not qualify as business combinations because, for OhiGrow, the assets acquired did not constitute a business, and for Grover Beach, under the concentration test, substantially all of the fair value of the acquisition is concentrated in a single identifiable asset – the license.

OhiGrow

In July 2021, the Company acquired OhiGrow, LLC, a licensed cultivator in Ohio, and Ohio Green Grow LLC (collectively, "OhiGrow"), inclusive of an approximately 10,000 sq. ft. facility and 1.35 acres of land.

Grover Beach

On March 4, 2021, the Company closed on the acquisition of approximately 78% of the equity of a retail license holder located in Grover Beach, California ("Grover Beach") for $3,592 in cash, as adjusted for working capital adjustments, and 49,348 Subordinate Voting Shares at a fair value of $7.46 per share, with the rights to acquire the remaining equity for $1 in the future.

2020 Business Combinations and Asset Acquisitions

The Company had the following acquisitions during the year ended December 31, 2020: (i) PAMS; (ii) PADS; (iii) BHIL; (iv) GSG Santa Barbara; and (v) Agape (all defined below).

The following table summarizes the purchase price allocations for the acquisitions completed during the year ended December 31, 2020, as of their respective acquisition dates:

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

	Business Combinations			Asset Acquisitions		
	PAMS	PADS	BHIL [6]	Agape	GSG Santa Barbara	Total
Cash and cash equivalents	$ 118	$ 971	$ 13	$ —	$ —	$ 1,102
Prepaids and other current assets	213	5	84	10	—	312
Accounts receivable	407	—	—	—	—	407
Biological assets	1,946	—	—	—	—	1,946
Inventory	2,306	192	100	—	—	2,598
Property, plant and equipment	579	1,075	465	—	—	2,119
Right-of-use assets	15,017	544	1,343	—	—	16,904
Intangible assets - license [1]	19,189	4,182	8,500	7,881	5,328	45,080
Intangible assets - patient/customer database [1]	425	—	—	—	—	425
Deposits	540	15	—	—	—	555
Total assets	$ 40,740	$ 6,984	$ 10,505	$ 7,891	$ 5,328	$ 71,448
Accounts payable and accrued liabilities	$ (335)	$ (157)	$ (585)	$ —	$ —	$ (1,077)
Intercompany note	—	—	—	(90)	—	(90)
Lease liabilities	(17,013)	(540)	(1,342)	—	—	(18,895)
Deferred tax liabilities	(1,410)	(1,794)	(3,157)	—	—	(6,361)
Total liabilities	$ (18,758)	$ (2,491)	$ (5,084)	$ (90)	$ —	$ (26,423)
Net assets acquired	$ 21,982	$ 4,493	$ 5,421	$ 7,801	$ 5,328	$ 45,025
Non-controlling interests	—	—	(4,661)	(1,560)	—	(6,221)
Total net assets acquired net of non-controlling interest	$ 21,982	$ 4,493	$ 760	$ 6,241	$ 5,328	$ 38,804
Consideration paid in cash, as adjusted for working capital adjustments [2]	$ 15,054	$ 5,671	$ 2,692	$ 3,050	$ 4,900	$ 31,367
Capitalized acquisition costs	—	—	—	191	428	619
Fair value of PADS purchase option	—	1,992	—	—	—	1,992
Consideration paid in 10% senior notes [3]	—	—	—	1,476	—	1,476
Consideration paid in warrants [3]	—	—	—	524	—	524
Consideration paid in promissory notes (net of discount) [4]	2,658	—	—	—	—	2,658
Assumption of Beacon Notes and accrued interest	—	—	9,555	—	—	9,555
Net effect of other related transactions	—	—	(15,740)	—	—	(15,740)
Consideration paid in shares	—	—	—	1,000	—	1,000
Fair value of consideration	$ 17,712	$ 7,663	$ (3,493)	$ 6,241	$ 5,328	$ 33,451
Goodwill	—	(3,170)	—	—	—	(3,170)
Bargain purchase on business combinations [5]	4,270	—	4,253	—	—	8,523
Total	$ 21,982	$ 4,493	$ 760	$ 6,241	$ 5,328	$ 38,804

(1) The licenses acquired have indefinite useful lives. The patient/customer related intangible assets have estimated useful lives of 0.25 - 5 years.
(2) Cash paid for acquisitions includes $2,320 that was paid during prior years and was previously included in deferred acquisition costs as of December 31, 2019.
(3) The consideration for the Agape acquisition included 10% senior notes amounting to $2,000 principal, and related warrants to purchase 0.6 million Subordinate Voting Shares with a $1.25 strike price; and 769,231 Subordinate Voting Shares at a closing date market price of $1.30 per share. Refer to "Senior Notes" in Note 11 - Debt and to Note 12 - Derivative Liabilities, for additional details on the 10% senior secured notes and warrants.
(4) Refer to "Promissory Notes" in Note 11 - Debt for details on the seller note.
(5) The bargain purchase gain for BHIL was reduced by asset disposal and other charges of $1,531 to arrive at the total net gain on business combination, which was adjusted during the year ended December 31, 2021, as detailed in Note 2 - Basis of Presentation and Summary of Significant Accounting Policies. The net gains on business combinations are included in other income (expense), net in the consolidated statements of operations and comprehensive income (loss). The asset disposal and other adjustments, were comprised of net write-offs/impairments of $1,681 reflecting the excess of the carrying amounts over the estimated fair values of intangible assets returned to TGS (included as other consideration in the TGS Transaction), offset by other adjustments of $150. Refer to Note 8 - Goodwill and Other Intangible Assets for details of the disposed assets.
(6) During the fourth quarter of 2021, the Company adjusted the 2020 purchase price allocation. Refer to Note 2 - Basis of Presentation and Summary of Significant Accounting Policies.

PAMS

On August 11, 2020, the Company closed on the acquisition of 100% of the equity of Pennsylvania Medical Solutions, LLC, a Pennsylvania grower-processor ("PAMS"). The acquisition increased the Company's presence in Pennsylvania and expanded its supply of cannabis to the BEYOND/HELLO™ retail stores. The estimated fair value of the license was determined using the multi-period excess earnings method under the income approach based on projections extended to 2025 assuming a 3% long-term revenue growth rate. The estimated fair value of the customer relationships was determined using the with-and-without method. The Company purchased PAMS at a favorable price due to the seller's financial condition and limited sources of funding, which resulted in a bargain purchase gain which is reflected in other income (expense), net in the consolidated statements of operations and comprehensive income (loss).

Prior to closing, in July 2020, the Company entered into an agreement to loan $3,000 to the previous owner of PAMS, which was secured by a first priority lien on, and continuing security interest in Pennsylvania Dispensary Solutions, LLC ("PADS"). The loan bore interest at 12% and the $3,000 was included at closing in the cash purchase price.

PADS

At the time of the PAMS acquisition, as part of the agreements with Vireo Health, Inc ("Vireo"), the seller of PAMS, Jushi received an assignable purchase option ("PADS Purchase Option") to acquire 100% of the equity of PADS. The PADS Purchase Option had an expiration date of 18 months from closing, and was subject to certain customary closing conditions, including approvals from all applicable regulatory authorities. On November 13, 2020, the Company exercised the PADS Purchase Option and on December 18, 2020, the Company closed on the purchase of 100% of the equity interests of PADS from Vireo.

PADS increased the Company's retail footprint in Pennsylvania, where PADS is a medical marijuana dispensary permit holder with two dispensaries operating in Bethlehem and Scranton. The goodwill recognized from the acquisition is attributable to synergies expected from integrating PADS into the Company's existing business. The goodwill acquired is not deductible for tax purposes.

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

The cash consideration allocated to the PADS Purchase Option was $1,553 based on the relative fair values of the net assets acquired in the PAMS acquisition and the PADS Purchase Option as of August 11, 2020. The difference between the purchase price allocated to the PADS Purchase Option and its fair value at the time of its exercise was a gain of $440 and is included in other income (expense), net in the consolidated statement of operations and comprehensive loss for the year ended December 31, 2020. The fair value of the PADS Purchase Option was estimated using a Black Scholes option pricing model which included the following assumptions:

	December 18, 2020
Fair value of PADS Purchase Option	$1,992
Strike price	$5,000
Spot price (estimated enterprise value of PADS)	$5,158
Risk-free annual interest rate	0.16%
Volatility	80%
Estimated term	1.5 years

The estimated enterprise value of PADS was estimated using a 5-year discounted cash flow analysis using a cost of capital of 29%, and a terminal value at the end of the explicit projection period using the Gordon Growth Model, and is considered to be a Level 3 measurement.

The estimated fair value of the PADS license was determined using the multi-period excess earnings method under the income approach based on projections extended to 2030 assuming a 3% long-term revenue growth rate.

TGS Transaction - Beyond Hello IL Holdings, LLC ("BHIL") (f/k/a TGS Illinois Holdings LLC ("TGSIH"))

On January 29, 2020, the Company acquired an approximately 75% interest in TGS Illinois Holdings LLC (currently known as Beyond Hello IL Holdings, LLC) (the "TGS Transaction") and became the owner of two medical cannabis dispensaries in Illinois - one in Sauget, and one in Normal, with each dispensary eligible to seek approval from the Illinois Department of Financial & Professional Regulation to open a second retail location. On April 22, 2020, the names of the entities were changed to Beyond Hello IL Holdings, LLC, and Beyond Hello IL, LLC, which were approved by the State of Illinois.

Due to legalization of adult-use cannabis in the state of Illinois which became effective January 1, 2020, the purchase of BHIL resulted in a bargain purchase gain. The bargain purchase gain recognized in 2020 and adjusted in 2021, is reflected in other income (expense), net in the consolidated statements of operations and comprehensive income (loss).

The estimated fair value of the licenses acquired was determined using the multi-period excess earnings under the income method based on projections extended to 2025 assuming a 3% long-term revenue growth rate and a discount rate of 12%. The estimated fair value of the customer relationships was determined using the with-and-without method.

The fair value of the non-controlling interests was based on the fair value of the consideration paid to purchase the non-controlling interests (the "TGSIH NCI Transaction"). Refer to Note 20 - Non-Controlling Interests.

The TGSIH acquisition was a part of a series of transactions under a favorable settlement agreement between the Company and its respective affiliates, and The Green Solution and its respective affiliates and their owners ("TGS"). The transactions included: (1) the transfer to the Company of approximately 75% interest in the TGSIH units; (2) the Company's assumption and/or payoff of approximately $12,000 in TGS debt including interest and expenses relating to the debt (see below); (3) the Company returning its 51% majority stake in TGS National Holdings, LLC ("TGS National") to TGS and terminating the 2018 purchase agreement for TGS National which included certain restrictive covenants, employment agreements and exclusive intellectual property licenses in Jushi's favor; (4) the return to the Company and cancellation of the 5,000,000 Subordinate Voting Shares of Jushi Holdings, Inc. and warrants with an exercise price of $2.00 to purchase 2,500,000 Subordinate Voting Shares of Jushi Holdings, Inc. which were issued in connection with the 2018 purchase of TGS National; and (5) the transfer to Jushi Inc of 416,060 common shares of Organigram, Inc. ("OGI") and cash from the liquidation of certain options to purchase common shares of OGI.

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

The approximately $12,000 in TGS debt noted above includes approximately $2,442 of debt payable to a third party and interest paid off by the Company which was included in the cash paid at closing, and $9,555 of debt which was negotiated with the holder to be exchanged for Jushi Holdings Inc. Senior Notes and warrants. The $9,555 was comprised of secured notes of an affiliate of TGS, Beacon Holding, LLC (the "Beacon Notes"), plus unpaid accrued interest. The carrying amount of the debt and unpaid accrued interest approximated the fair value. Refer to "Senior Notes" in Note 11 - Debt for further details on the Company's Senior Notes and the related warrants.

The net effect of other related transactions from the TGS Transaction, as reflected in the purchase price allocation table above, was comprised of the following:

Redemption Liability cancelled	$	8,440
5,000,000 Subordinate Voting Shares of Jushi Holdings, Inc. and warrants with an exercise price of $2.00 to purchase 2,500,000 Subordinate Voting Shares of Jushi Holdings, Inc. returned to Jushi		7,075
416,060 common shares of Organigram Holdings Inc.		1,092
Payment to Jushi for the OGI options that were liquidated		478
TGS National fair value of intangibles, net of other items returned and derecognized [(1)(2)]		(918)
TGS National cash given up		(427)
Net effect of other related transactions	$	15,740

(1) The difference of $1,748, net of other adjustments of $217, between the carrying amount of the disposed intangibles of $2,666 (refer to Note 8 - Goodwill and Other Intangible Assets) and the fair value above of $918 was included in net gains on business combinations.

(2) No goodwill associated with TGS National was written off as a result of this transaction in 2020, since the Company had previously recognized an impairment loss of $8,990 in 2018 related to the total goodwill associated with the original acquisition of TGS National.

The fair values of the Jushi Holdings, Inc. shares and OGI shares were based on the closing market price as of the date of the transaction and the fair value of the Jushi Holdings, Inc. warrants was calculated using a Black-Scholes model with the following assumptions: stock price of $1.28 (market price); exercise price of $2.00; estimated term 1.35 years; volatility 76%; risk-free rate 1.46%. The fair value of the Jushi securities was accounted for as a reduction to equity. The TGS National net assets returned consisted primarily of cash and intangibles. The fair value of the intangibles returned was calculated using a discounted cash flow model using a discount rate of 12%, a growth rate of zero, and estimated useful lives ranging from 9 - 11 years.

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

The non-controlling interests were measured using the fair value method and based on the fair value of the consideration subsequently paid to purchase the non-controlling interests (the "TGSIH NCI Transaction"). Refer to Note 20 - Non-Controlling Interests.

Redemption Liability

At the time of the original acquisition of 51% of TGS National by the Company in 2018, the Company had the exclusive right to purchase the remaining 49% of TGS National for a period of 30 months from the Closing Date (the "Option Period"). The consideration to be paid for this purchase option (the "Redemption Liability") was $8,500. As a result of the TGS Transaction, the Redemption Liability was cancelled. The Redemption Liability was initially recorded at fair value and was estimated using the present value of the estimated future purchase price and was therefore considered to be a Level 3 measurement. The adjusted present value of the Redemption Liability was $8,440 as of the date of the TGS Transaction in 2020. The total change in the redemption liability for the year ended December 31, 2020 was insignificant.

2020 Business Combinations Acquisition Results and Unaudited Supplemental Pro Forma Financial Information

If the business combinations had occurred on January 1, 2020, consolidated proforma revenue and consolidated proforma net income for the year ended December 31, 2020 would have been $44,111 and $7,940, respectively. These amounts have been calculated using actual results and adding pre-acquisition results.

The following table summarizes revenue and net (loss) income from the respective acquisition dates through December 31, 2020:

	PAMS	PADS	BHIL	Total
Revenue	$ 3,048	$ 113	$ 33,203	$ 36,364
Net income (loss)	$ 2,206	$ (15)	$ 7,553	$ 9,744

The above results are after the elimination of intercompany transactions.

2020 Asset Acquisitions

The Company determined that The GSC Santa Barbara and Agape acquisitions below did not qualify as business combinations under IFRS 3 *Business Combinations* ("IFRS 3") because the assets acquired did not constitute a business, as substantially all of the fair value of each of the acquisitions is concentrated in a single identifiable asset – the license.

GSG Santa Barbara

On July 24, 2020, the Company closed on the acquisition of 100% of the equity of GSG SBCA, Inc. ("GSG Santa Barbara"), a non-operating provisionally licensed Santa Barbara, California dispensary operator for a total purchase price of $4,900 in cash, of which $2,250 was paid in the prior year. The GSG Santa Barbara dispensary commenced retail operations on October 14, 2020.

Agape

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

On June 25, 2020, the Company closed on the acquisition of 80% of the economic and voting interests in Agape Total Health Care Inc ("Agape"), a Pennsylvania Dispensary Permittee, for consideration in cash and shares. Agape has opened and operates three retail locations in Pennsylvania: one in Philadelphia, one in Reading and one in Pottsville.

The non-controlling interest was measured at the proportionate share method. Refer to Note 20 - Non-Controlling Interests and to Note 24 - Subsequent Events.

Business Combinations Acquisition and Deal Costs

For the years ended December 31, 2021 and 2020, acquisition and deal costs relating to business combinations totaled $350 and $502 and are included within operating expenses in the consolidated statements of operations and comprehensive income (loss). The remaining acquisition and deal costs included in general, administrative and selling expenses were incurred either for acquisitions not completed or not expected to be completed. Refer to Note 18 - Nature of Expenses.

8. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The continuity of goodwill is as follows:

Goodwill as of January 1, 2020	$	28,055
Impairment of goodwill		(170)
Additions from new business combinations		3,170
Goodwill as of December 31, 2020	$	31,055
Adjustments to 2019 business combinations (Refer to Note 2)		5,986
Goodwill as of January 1, 2021	$	37,041
Additions from new business combinations		40,673
Impairment of goodwill - FBS Nevada		(2,384)
Goodwill as of December 31, 2021	$	75,330

Goodwill Impairments

During the year ended December 31, 2021, the Company recorded a goodwill impairment charge of $2,384 related to FBS Nevada. Refer to Note 2 - Basis of Presentation and Summary of Significant Accounting Policies for additional information. The goodwill impairment is recorded within operating expenses in the consolidated statements of operations and comprehensive income (loss).

During the year ended December 31, 2020, the Company entered into a confidential settlement agreement with certain parties, including the former owner of Medicinal Excellence for Neurological Disorders, LLC ("MEND"), a business acquired by the Company in 2018. As a result, the Company recognized a loss on settlement of $2,217 (including the write-off of certain intangibles - refer to Other Intangible Assets below) and wrote-off goodwill of $170. The net loss on settlement and the goodwill impairment are both recorded in other income (expense), net in the consolidated statements of operations and comprehensive income (loss) - Refer to Note 18 - Nature of Expenses.

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

Other Intangible Assets

The continuity of other intangible assets is as follows:

	Indefinite Lived Intangible Asset			Finite Life Intangible Asset						
	Licenses	Formulations	Internally Generated Intangibles	Franchise Agreements	Intellectual Property	Patient/ Customer Database	Tradenames	Non-Compete	Website Development	Total
Cost:										
Balance at January 1, 2020	$ 75,000	$ 50	$ 585	$ 1,850	$ 10,870	$ 1,150	$ 5,380	$ 168	$ 61	$ 95,114
Additions (1)	43,080	—	—	—	—	1,675	—	—	—	44,755
Disposals (2)	—	—	(585)	(1,850)	(1,290)	(881)	—	(8)	—	(4,614)
Balance at December 31, 2020	$118,080	$ 50	$ —	$ —	$ 9,580	$ 1,944	$ 5,380	$ 160	$ 61	$ 135,255
Adjustments to acquisitions (3)	(7,050)	—	—	—	—	(1,250)	420	(5)	—	(7,885)
Balance at January 1, 2021	$111,030	$ 50	$ —	$ —	$ 9,580	$ 694	$ 5,800	$ 155	$ 61	$ 127,370
Additions (1)	53,631	—	—	—	—	2,100	4,400	—	—	60,131
Balance at December 31, 2021	$164,661	$ 50	$ —	$ —	$ 9,580	$ 2,794	$ 10,200	$ 155	$ 61	$ 187,501
Accumulated amortization:										
Balance at January 1, 2020				$ (237)	$ (778)	$ (89)	$ (285)	$ (28)	$ (11)	$ (1,428)
Amortization expense				(11)	(969)	(751)	(556)	(54)	(50)	(2,391)
Disposals (2)				248	231	110	—	3	—	592
Balance at December 31, 2020				$ —	$ (1,516)	$ (730)	$ (841)	$ (79)	$ (61)	$ (3,227)
Adjustments to acquisitions (3)				—	—	479	(105)	4	—	378
Balance at January 1, 2021				—	(1,516)	(251)	(946)	(75)	(61)	(2,849)
Amortization expense				—	(958)	(371)	(804)	(53)	—	(2,186)
Balance at December 31, 2021				$ —	$ (2,474)	$ (622)	$ (1,750)	$ (128)	$ (61)	$ (5,035)
Net book value:										
Balance at December 31, 2020	$118,080	$ 50	$ —	$ —	$ 8,064	$ 1,214	$ 4,539	$ 81	$ —	$ 132,028
Balance at December 31, 2021	$164,661	$ 50	$ —	$ —	$ 7,106	$ 2,172	$ 8,450	$ 27	$ —	$ 182,466

(1) All additions to intangible assets relate to acquisitions. Refer to Note 7 - Acquisitions for further details.

(2) Total net disposals of $4,022 for the year ended December 31, 2020 consisted of the following:

a. The franchise agreements, intellectual property and non-compete net disposals of $2,666 relate to the TGS Transaction. Refer to Note 7 - Acquisitions.

b. During the year ended December 31, 2020 the Company recorded a disposal of $585 relating to internally generated intangibles that were unlikely to be realized. The total net write-off is reflected in other income (expense), net in the consolidated statements of operations and comprehensive income (loss).

c. During the year ended December 31, 2020, the Company recorded a net patient database disposal of $770 related to the confidential settlement agreement discussed in *Goodwill Impairment* above.

(3) During the fourth quarter of 2021, the Company adjusted the purchase price allocations for certain 2020 and 2019 acquisitions. Refer to Note 2 - Basis of Presentation and Summary of Significant Accounting Policies for details of the adjustments related to the 2020 and 2019 acquisitions.

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

9. OTHER LONG-TERM ASSETS

The components of other long-term assets are as follows:

	Note	December 31, 2021	December 31, 2020
Deposits - equipment		$ 4,315	$ 768
Deposits and escrows - properties		1,343	1,630
Indemnification assets	7	2,733	—
Equity investment		1,500	1,500
Employee receivable and accrued interest	22	—	2,470
Other		407	1,088
		$ 10,298	$ 7,456

Equity Investment

In December 2020, the Company entered into a lease agreement with a lessor, PV Culver City, LLC, formerly known as Pacific Oakmark TBird, ("PVLLC"). In connection with the lease, and to assist PVLLC in the purchase of the leased property from a third party, the Company contributed $1,500 to PVLLC in exchange for Class C Member shares, or a 23.08% ownership interest. The Company does not have significant influence over, and the Company does not have the right to vote or participate in the management of the PVLLC and therefore the investment is measured at its fair value. The fair value as of December 31, 2021 approximated the initial fair value as there was no change to the business from the date of acquisition through December 31, 2021.

10. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

The components of accrued expenses and other current liabilities are as follows:

	Note	December 31, 2021	December 31, 2020
Accrued capital expenditures		$ 17,599	$ 2,177
Goods received not invoiced		8,007	2,625
Accrued employee related expenses and liabilities		6,062	2,303
Accrued professional and management fees		5,139	638
Accrued sales and excise taxes		2,535	1,399
Accrued interest	11	1,181	45
Deferred revenue (loyalty program)		1,427	935
Other accrued expenses and current liabilities		3,278	920
Total		$ 45,228	$ 11,042

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

11. DEBT

The components of the Company's debt are as follows:

	As of December 31, 2021	As of December 31, 2020
Principal amounts:		
10% Senior Notes	$ 75,193	$ 83,327
Acquisition Facility	40,000	—
Acquisition-related promissory notes payable	23,398	5,418
Other debt	11,728	3,737
Total debt - principal amounts	$ 150,319	$ 92,482
Less: debt issuance costs and original issue discounts	(23,095)	(33,760)
Total debt - carrying amounts	$ 127,224	$ 58,722
Debt - current portion	2,113	1,600
Debt - non-current portion	$ 125,111	$ 57,122

As of December 31, 2021, aggregate future contractual maturities of the Company's debt are as follows:

	2022	2023	2024	2025	2026	Thereafter	Total
10% Senior Notes	$ —	$ 75,193	$ —	$ —	$ —	$ —	$ 75,193
Acquisition Facility	—	—	3,000	4,000	33,000	—	40,000
Acquisition-related promissory notes payable	48	—	15,250	—	5,000	3,100	23,398
Other debt	2,065	156	1,846	107	113	7,441	11,728
Total	$ 2,113	$ 75,349	$ 20,096	$ 4,107	$ 38,113	$ 10,541	$ 150,319

SENIOR NOTES

A summary of the carrying amounts of the Company's 10% senior notes due January 15, 2023 ("Senior Notes") is as follows:

	As of December 31, 2021	As of December 31, 2020
Senior Notes - public (1)	68,218	76,352
Senior Notes - private	6,975	6,975
Senior Notes - principal amount	$ 75,193	$ 83,327
Less: amounts to accrete (from original issue discount and bifurcation of warrants)	(18,995)	(32,585)
Less: deferred transaction costs, net	—	(176)
Total Senior Notes, carrying amount	$ 56,198	$ 50,566

(1) The public notes are listed under the symbol "JUSH.DB.U" and were deemed to be tradable at approximately the principal amount as of December 31, 2021 and 2020.

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

The Senior Notes bear interest at 10% per annum, payable in cash quarterly on March 31, June 30, September 30 and December 31 of each year to, but excluding, the maturity date of the Notes, which is January 15, 2023. The notes are classified as long-term liabilities in the consolidated balance sheets.

Issuances of Senior Notes

The Senior Notes were originally issued between December 2019 and July 2020. During the first quarter of 2020, the Company closed on the first tranche of the Company's debt offering (a private placement) announced in December 2019 ("Tranche 1") and then also closed on the second tranche of the Company's debt offering (a private placement) in June and July of 2020 ("Tranche 2").

There were two financing structures offered in connection with the Tranche 1 offering. The first structure was comprised of Senior Notes which were issued with warrants to acquire Subordinate Voting Shares of the Company ("Warrant Notes") at 75% coverage of the principal amount divided by the original strike price of the warrants. The warrants were issued by the Company in connection with, but were detached from, the Company's issuance of the Senior Notes. The original exercise price of these warrants was $1.58 but was subsequently adjusted for a "down-round" to $1.25. Refer to Note 14 - Equity for additional information. The second structure was comprised of Senior Notes with no warrants but issued at a discount of approximately 17% ("OID Notes"). The Tranche 2 offering of the Private Senior Notes was comprised of only Warrant Notes, with warrants at 75% coverage.

The original carrying amounts of the Warrant Notes were calculated as the total fair value (cash amount received) less amounts bifurcated and allocated to the warrants. The initial total value of the warrants that were issued with senior notes during Tranche 1 and Tranche 2 was $35,774. Refer to Note 14 - Equity for details of the methods and assumptions used in calculating the fair values of the warrants. The OID Notes were initially recorded at the cash amount received. The carrying amount of each of the Senior Notes is being accreted to the principal amount using the effective interest rate method.

The continuity of the 10% Senior Notes is as follows:

	For the Year Ended December 31,	
	2021	2020
Carrying amount as of the beginning of the year	$ 50,566	$ 10,736
10% Senior Notes principal amount issued, net [(1)(2)]	—	67,495
Fair value allocated to derivative warrant liabilities on issuance [(1)]	—	(30,245)
OID on issuance [(2)]	—	(1,735)
Debt redemptions/extinguishments/modifications [(3)]	(4,319)	(2,295)
Adjustments for debt issuance costs [(4)]	—	(234)
Accretion and amortization expense [(4)]	9,951	6,844
Carrying amount as of the end of the year	$ 56,198	$ 50,566

(1) Includes the following acquisition related items: a) $2,000 principal amount of Senior Notes, and 633,433 warrants with a fair value of $524 issued in connection with the Agape acquisition; b) $9,555 principal amount of Senior Notes issued related to debt assumed in the TGS Transaction which was exchanged for Warrant Notes; and c) $2,000 principal amount of Senior Notes, and 950,148 warrants with a fair value of $679 issued in connection with the TGS NCI Transaction. Refer to Note 7 - Acquisitions and Note 20 - Non-Controlling Interests.

(2) Amounts are net of amounts cancelled or voided as a result of OID Notes exchanged for Warrant Notes.

(3) The principal amount of debt redeemed was $8,134 and the net loss on extinguishment was $3,815, which is included within other income (expense), net in the consolidated statements of operations and comprehensive income (loss).

(4) Included within interest expense, net in the consolidated statements of operations and comprehensive income (loss). Refer to Note 18 - Nature of Expenses. Accrued coupon interest payable on the Senior Notes is included in accrued liabilities in the consolidated statements of financial position. Refer to Note 10 - Accrued Expenses and Other Current Liabilities.

2020 Modifications

i) Warrant Notes Exchanges for OID Notes

In January 2020, a certain Tranche 1 holder elected to exchange $500 principal amount of Warrant Notes that had been issued in December 2019 into OID Notes of principal amount $585 in January 2020, and the related 237,537 Warrants that were issued in December 2019 were voided. In addition, Warrant Notes of $5,000 that were issued in January 2020 were subsequently also exchanged for OID Notes of $5,842 in January 2020, and the related 2,375,372 warrants that were issued in connection with the Warrant Notes were also voided. The notes exchanged were determined to have substantially different terms as a result of the cancellation of the Warrants and therefore the exchanges were accounted for as an accounting extinguishment of the original financial liabilities and the recognition of new financial liabilities. The difference between the fair value of the new OID Notes of $5,500 and the total carrying value of the extinguished Warrants Notes (carrying value of $3,621) and the extinguished Derivative Warrants (carrying value of $1,916), was a gain of $37 and is included in other income (expense), net in the consolidated statements of operations and comprehensive income (loss).

ii) Down-Round Price Adjustment

The warrants associated with the Tranche 1 Senior Notes contained a down-round price protection feature and were issued at ~$1.58, As a result of the issuance of the Tranche 2 warrants at an exercise price equal to $1.25, the Tranche 1 warrants were adjusted down to an exercise price of $1.25. This resulted in a loss on modification of $1,001 and is included in other income (expense), net in the consolidated statements of operations and comprehensive income (loss).

iii) "Option 2" Elections

As a result of Most Favored Nation ("MFN") clauses in certain of the Tranche 1 Senior Notes holders' offering documents, at the time of the Tranche 2 offering in June 2020, those certain Tranche 1 investors were offered to either retain their existing offering documents, including the Senior Notes, and warrants, if applicable, with an unmodified MFN clause and continued down-round price protection ("Option 1"); or they could elect to exchange their offering documents for the Tranche 2 offering documents with revised terms including an increased number of warrants based on 75% warrant coverage with a strike price of $1.25; but with a substantially narrowed MFN and no down-round price protection going forward ("Option 2"). Certain Tranche 1 Senior Notes holders accepted Option 2 to exchange their Senior Notes and warrants, or their OID Notes, for the new offered terms, with the following results:

OID Notes Exchanges for Warrant Notes

As a result of the selection of Option 2 by certain OID Note Holders, $6,427 principal amount of OID Notes was extinguished and replaced with $5,500 principal amount of Warrant Notes and 3,300,000 warrants. The Company determined that these modifications were substantial under IFRS 9 as a result of the change to the MFN, a greater than 10% change to the principal amount of the debt and the addition of warrants, and therefore the exchanges were accounted for as accounting extinguishments of the original financial liabilities and the recognition of new financial liabilities. The difference between the extinguished carrying value of the OID Notes of $5,627, and the total new fair value of $5,500 for the replacement Warrants Notes (fair value of $2,803) and the new Derivative Warrants (fair value of $2,697), was a gain of $127 and is included in other income (expense), net in the consolidated statements of operations and comprehensive income (loss).

Warrant Note Holders

As a result of the election of Option 2 by the Warrant Note holders, the Company issued an additional 2,960,738 warrants. The Company determined that these modifications were substantial under IFRS 9 as a result of the change to the MFN and the removal of the down-round price protection for the Derivative Warrants, and therefore the exchanges were accounted for as accounting extinguishments of the original financial liabilities and the recognition of new financial liabilities. The difference between the extinguished total carrying value of $25,037 for the existing Warrant Notes (carrying value $15,777) and related Derivative Warrants liabilities (carrying value $9,260), and the total new fair value of $23,700 for the replacement Warrant Notes (fair value of $12,005) and new total Derivative Warrants (fair value of $11,695), was a gain of $1,337 and is included in other income (expense), net in the consolidated statements of operations and comprehensive income (loss).

Subsequent to all Option 2 elections made by the Warrant Notes holders in June and July of 2020, 6,128,459 Derivative Warrants were still subject to the downward price protection.

As a result of the Option 2 extinguishments, the Company expensed previously deferred financing costs of gross amount of $491 related to Tranche 1 Senior Notes, which is included in other income (expense), net in the consolidated statements of operations and comprehensive income (loss).

iv) Public Debt Listing

On December 1, 2020, the Company listed for trading on the Canadian Securities Exchange $76,352 of 10% senior secured notes due January 15, 2023 (the "Public Notes"). The publicly traded senior secured notes were issued to certain existing holders of the Company's 10% senior secured notes due January 15, 2023 who elected to exchange their then-outstanding non-listed senior secured notes for the new Public Notes in the same principal amount. Other existing holders of the Company's non-listed 10% senior secured notes due January 15, 2023, representing an aggregate principal amount of $6,975, elected to retain their non-listed/private senior secured notes.

As a result of the public listing of the Senior Notes in December 2020, for the majority of the notes, the Company determined that the modification was not substantial under IFRS 9. However, there were certain Senior Notes, that were modified by removing a different redemption feature, therefore the Company determined that this was a substantial modification and was thus accounted for as an accounting extinguishment of the original financial liabilities and the recognition of new financial liabilities. The difference between the extinguished total carrying value of $8,170 and the total new value of $10,032, was a loss of $1,862 which is included in other income (expense), net in the consolidated statements of operations and comprehensive income (loss).

Senior Notes - Mandatory and Optional Redemptions

Mandatory Redemptions

The Company is required to offer to redeem the Senior Notes using 33% of the net proceeds from any equity offerings by the Company or any of its subsidiaries (including the Guarantors), at a purchase price equal to par plus accrued but unpaid interest (no premiums). The note holder has the option to waive their right to redemption. This mandatory prepayment option ("Prepayment Option") represents an embedded derivative liability. Refer to Note 12 - Derivative Liabilities for additional information on the Prepayment Option.

Pursuant to these terms of the 10% Senior Notes, in connection with the equity offerings completed during the first quarter of 2021 the Company redeemed a total principal amount of $8,134. The difference between the carrying amounts of the Senior Notes and the principal amount extinguished was $3,815.

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

Optional Redemptions

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

Guarantees

The Company's total obligations under the Senior Notes are secured by substantially all assets of the Company and certain Subsidiaries (subject to certain exclusions) and are guaranteed for non-payment by certain Subsidiaries.

Default Provisions

The Senior Notes agreement provides for customary events of default, as well as customary remedies upon an event of default as defined in the Senior Notes agreement ("Event of Default"), including acceleration of repayment of outstanding amounts. In addition, automatically upon the occurrence and during the continuance of an Event of Default, the interest rate accruing on the outstanding principal amount of the Note shall be 3% more than the rate otherwise payable under the Senior Notes.

Covenants

The Senior Notes are subject to certain customary non-financial provisions and covenants. The covenants, among other things, generally limit the ability of the Company and certain of its subsidiaries, subject to certain exceptions, to (i) incur certain additional debt; (ii) pay dividends or make distributions from certain subsidiaries; (iii) sell certain assets; and (iv) effect certain transactions. As of December 31, 2021 and 2020, the Company was in compliance with the provisions and covenants.

ACQUISITION FACILITY

On October 20, 2021, the Company entered into definitive documentation in respect of a $100,000 Senior Secured Credit Facility (the "Acquisition Facility") with Roxbury, LP acting as Agent to SunStream Bancorp Inc. ("Sunstream"), a joint venture sponsored by Sundial Growers Inc. The Company is permitted to borrow amounts under the Acquisition Facility for potential strategic expansion opportunities in both its core and developing markets. After being drawn, loans issued under the Acquisition Facility bear an interest rate of 9.5% per annum, payable quarterly, and will mature five years from the closing date. Subject to the approval of the Agent's investment committee and other conditions, including compliance with the financial covenants further defined below at the time of borrowing, the Company will be able to make draws under the facility for an 18-month period, and will have a two-year interest-only period before partial amortization begins on a quarterly basis. The Company also may increase the total commitment of the Acquisition Facility by an aggregate amount of up to $25,000, subject to certain conditions (the "Accordion"). The Acquisition Facility is secured by a first lien over certain Company assets and on a pari passu basis with the collateral securing the indebtedness of the Company evidence by the Senior Notes.

Until April 20, 2023, a standby fee of 2.25% per annum of: (1) the undrawn amount minus the sum of the daily average of the outstanding amount of the acquisition facility for the preceding calendar quarter shall be paid quarterly, in arrears, on the first business day of each calendar quarter. The standby fee drops to 1.5% on the date the existing 10% Senior Notes mature or are refinanced. An exit fee of 1.5% of the original term loan amount of $100,000 shall be paid upon the earliest of the maturity date, any repayment of the principal balance of the term loans or the occurrence of an event of default. In the event the existing Senior Notes mature or are refinanced, no exit fee is owed by the Company to the lenders. In the event the Company wishes to refinance the Senior Notes, lenders have a right of first refusal to contribute up to 50% of the amount used to refinance the Senior Notes.

As of December 31, 2021, the Company has drawn down $40,000 from the Acquisition Facility to fund the cash portion of the acquisition of Nature's Remedy. The original issue discount was $980 and debt issuance costs capitalized were $721, of which $73 has been amortized as of December 31, 2021. The effective interest rate was 10.6% as of December 31, 2021. Beginning April 1, 2024, the Company must repay 10% per annum of the total amount of the term loans funded to date, in quarterly installments on the first business day of each calendar quarter.

The Company will consider borrowing additional amounts in the future under the Acquisition Facility for potential strategic expansion opportunities in both its core and developing markets. As of December 31, 2021, the Company had approximately $60,000 of availability under the Acquisition Facility (excluding the Accordion). Refer to Note 24 - Subsequent Events.

Mandatory and Optional Redemptions

If the Company prepays any of the loans for any reason except for scheduled amortization payments, the Company must also pay a "make-whole premium". The make-whole premium is defined in the agreement as the difference between: (1) all fees and interest payments that would be payable if such Acquisition Facility had been outstanding for 27 months and (2) all payments on such Acquisition Facility or portion thereof received by the Acquisition Facility agent prior to the relevant prepayment.

After the Senior Notes mature or are refinanced, the Company is required to repay 100% of net cash proceeds, including all permitted dispositions and exclusions, above $5,000 (individually or in the aggregate in any calendar year) from sales of certain assets within 3 days following the receipt of net cash proceeds.

Covenants

The Acquisition Facility is subject to certain customary non-financial provisions and covenants, and contains covenants that, among other things, restrict the Company's ability to create liens, make investments and acquisitions, incur or guarantee additional indebtedness, enter into mergers or consolidations and other fundamental changes, conduct sales and other dispositions of property or assets, enter into sale-leaseback transactions or hedge agreements, prepay subordinated debt, pay dividends or make other payments in respect of capital stock, change the line of business, enter into transactions with affiliates, enter into burdensome agreements with negative pledge clauses, and make subsidiary distributions. The agreement also includes customary subjective acceleration clauses. In addition, the Company is required to comply with certain financial covenants measured on a fiscal quarter-end basis beginning at the earlier of the maturity or, if applicable, the refinancing of the Senior Notes as follows:

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

- Total Leverage Ratio, calculated as the ratio of Total Funded Indebtedness to EBITDAR (all such terms are defined in the Acquisition Facility agreement) not to exceed the correlative ratio below:

Applicable Ratio	Fiscal Quarter Ending (1)
6.00 to 1.00	March 31, 2022 and June 30, 2022
5.00 to 1.00	September 30, 2022 and December 31, 2022
4.00 to 1.00	March 31, 2023 and June 30, 2023
3.50 to 1.00	September 30, 2023, and all fiscal quarters ending thereafter

- Debt Service Coverage Ratio of at least 1.10 to 1.0, calculated as the ratio of Adjusted EBITDA to Debt Service Amounts (all such terms are defined in the Acquisition Facility Agreement); and
- Minimum sum of unrestricted cash and cash equivalents of at least 5% of the total loan amount under the Acquisition Facility.
-

(1) In April 2022, the Company entered into an amendment to the Acquisition Facility pursuant to which: (i) the commencement of leverage testing was pushed back by four quarters (now beginning March 31, 2023), (ii) certain leverage ratios were revised; and (iii) the Company may proceed with a reorganization pursuant to a petition for bankruptcy in Switzerland with respect to Jushi Europe without defaulting under the Acquisition Facility. Refer to Note 20 - Non-Controlling Interests for additional information on Jushi Europe.

As of December 31, 2021, the Company was not subject to any financial covenants and was in compliance with all applicable non-financial covenants.

ACQUISITION-RELATED PROMISSORY NOTES PAYABLE

A summary of the Company's acquisition-related promissory notes payable is as follows:

	December 31, 2021	December 31, 2020
Total acquisition-related promissory notes payable - principal amount	$ 23,398	$ 5,418
Less: original issue discount and deferred finance charges	(2,370)	(999)
Total acquisition-related promissory notes payable - carrying amount	$ 21,028	$ 4,419
Short-term acquisition-related notes payable - carrying amount	$ 48	$ 1,338
Long-term acquisition-related promissory notes payable - carrying amount	$ 20,980	$ 3,081

The continuity of the carrying amounts of the acquisition-related promissory notes payable is as follows:

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

Balance as of January 1, 2020	$ 25,623
Principal payments	(24,003)
Principal issued	3,798
Original issuance discount ("OID")	(1,103)
Deferred issuance costs	(92)
Amortization/accretion of OID and deferred issuance costs	196
Carrying amount as of December 31, 2020	$ 4,419
Principal issued for acquisition	19,600
Original issuance discount ("OID")	(1,826)
Principal payments	(1,620)
Amortization/accretion of OID and deferred issuance costs	455
Carrying amount as of December 31, 2021	$ 21,028

Accrued interest payable is included in accrued expenses and other current liabilities in the consolidated statements of financial position. Refer to Note 10 - Accrued Expenses and Other Current Liabilities.

Unsecured Promissory Notes – Nature's Remedy

In September 2021, in connection with the Nature's Remedy acquisition, the Company issued a principal amount $11,500, 8% unsecured three-year note maturing September 10, 2024 and a $5,000 8% unsecured five-year note maturing September 10, 2026 to the seller. The effective interest rate on the notes is 9.9%. The promissory notes provide for cash interest payments to be made quarterly and all principal and accrued and unpaid interest are due at their respective maturities. Refer to Note 7 - Acquisitions for additional information on the Nature's Remedy acquisition and the portion of contingent consideration of $5,000 which would be payable as an addition to the 8% unsecured three-year note.

Secured Promissory Notes – OSD

In April 2021, in connection with the OSD acquisition, the Company issued a principal amount $3,100, 4% secured promissory note to the seller. The promissory note matures on April 30, 2027 and interest is payable quarterly. The effective interest rate on the note is 7.5%. The note is secured by the equity of OSD. Pursuant to the terms of the OSD acquisition, indemnification obligations of the seller may be offset against this promissory note in the future if the Company makes a claim for such indemnification and such right of offset. Refer to Note 7 - Acquisitions.

Unsecured Promissory Notes – PAMS

In August 2020, in connection with the PAMS acquisition, the Company issued an $3,750 8% unsecured promissory note to the seller. The promissory note matures on August 11, 2024 and interest is payable quarterly. The fair value of the promissory note was determined to be $2,658, resulting in a fair value discount on issuance of $1,092, which is being amortized using the effective interest rate of 7.2% over the life of the promissory note. The total effective interest rate on the note is 15.2%.

The initial fair value of the consideration paid in notes was determined using an approach that uses forecast cash flows of the debt instrument according to its contractual terms and then discounts those cash flows to the date of value at a risk-adjusted discount rate that considers the relative risk of achieving those cash flows and the time value of money. The discount rate used was 20%.

Secured Promissory Notes – FBS Penn

In July 2019, in connection with the FBS Penn acquisition, the Company issued $28,122 by way of certain 10% secured notes due to the sellers, with principal payments, together with accrued interest through each such date, due in tranches. These notes were repaid in full, including any accrued interest, prior to maturity during the fourth quarter of 2020.

Secured Promissory Notes – FBS Nevada

In July 2019, in connection with the FBS Nevada management services and purchase agreements and the related acquisition of the associated real estate, the Company issued $2,250 in promissory notes and $375 in other secured notes as part of the consideration. The notes bore interest at 10% per annum. In April 2021, the Company completed the acquisition of 100% of FBS NV equity, which the Company had been operating under an MSA since 2019. In April 2021, the remaining principal balances of the promissory notes (plus accrued interest) were repaid in full.

Promissory Notes – Dalitso

In September 2019, in connection with the Dalitso acquisition, the Company issued: (i) $2,686 in 6% promissory notes and $1,346 in 9% unsecured notes issued to certain sellers with a maturity of September 23, 2021, with quarterly principal installments of $34 payable together with interest payments. In connection with the purchases of the non-controlling interests in Dalitso during the fourth quarter of 2020, the majority of these notes were paid off, and during the third quarter of 2021, the remaining $120 of 6% convertible promissory notes related to the original September 2019 Dalitso acquisition was repaid on maturity.

In connection with the purchases of the non-controlling interests in Dalitso during the fourth quarter of 2020 (refer to Note 20 - Non-Controlling Interests), the Company issued a convertible promissory note to the sellers of the non-controlling interests, of which only $37 is classified as debt (principal issued of $48 less OID of $11). The total principal amount of the note is $2,412, but is mandatorily convertible after the first anniversary (but on or before maturity) into 910,000 Subordinate Voting Shares at a conversion price per share of $2.65, and thus only the fair value portion of the note that will be paid in cash is classified as debt. The fair value of the liability component was determined to be the present value of the interest payments, which totaled $37, using a discount rate of 76%. The difference between the fair value of the liability component and the principal amount was $2,375 as of the date of the transaction and is classified as equity in the consolidated statements of financial position, net of deferred taxes. The note bears interest at 1% per annum and matures on November 19, 2022.

Secured Promissory Notes – FBS Ohio

In June 2019, the Company entered into a definitive agreement with a FBS Ohio and issued $1,500 in 18-month secured sellers' notes as part of the consideration. The notes bore interest at 10% per annum and were payable quarterly. The Company repaid these notes in full during the fourth quarter of 2020.

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

OTHER DEBT

The components and continuity for other debt are as follows:

	Arlington Facility	Financing Obligations	Unsecured Credit Lines	Total Other Debt
Balance as of January 1, 2020	$ —	$ —	$ —	$ —
Additions	—	3,100	614	3,714
Payments	—	(164)	—	(164)
Amortization	—	186	—	186
Balance as of December 31, 2020	$ —	$ 3,122	$ 614	$ 3,736
Current portion	$ —	$ 261	$ —	$ 261
Non-current portion	$ —	$ 2,861	$ 614	$ 3,475
Balance as of December 31, 2020	$ —	$ 3,122	$ 614	$ 3,736
Additions	5,000	—	3,013	8,013
Deferred financing charges	(102)	—	—	(102)
Reclassification	—	262	—	262
Amortization	—	377	—	377
Payments	—	(417)	—	(417)
Foreign exchange impact	—	—	(243)	(243)
Balance as of December 31, 2021	$ 4,898	$ 3,344	$ 3,384	$ 11,626
Current portion	$ 90	$ 290	$ 1,685	$ 2,065
Non-current portion	$ 4,808	$ 3,054	$ 1,699	$ 9,561

Amortization of the financing obligation is included in interest expense and finance charges in the consolidated statements of operations and comprehensive income (loss).

Arlington Facility

In November 2021, the Company closed on the purchase of a property in Arlington, Virginia, for $7,000. On December 28, 2021, the Company entered into a $6,900 credit facility (“Arlington Facility”) with a bank to refinance the purchase. As of December 31, 2021, the Company had $1,900 of remaining availability under the Arlington Facility. The Arlington Facility bears a fixed interest rate of 5.875% per annum payable monthly and will mature on January 1, 2027, approximately 5 years from the closing date. The effective interest rate was 6.35% as of December 31, 2021.

The Company is subject to a prepayment penalty on the principal balance as follows: year one - 5%, year two - 4%, year three - 3% and year four - 2%. The carrying amount of the Arlington property was $7,028 as of December 31, 2021.

The Arlington Facility is subject to certain financial and non-financial debt covenants. Beginning December 31, 2022, the Company must maintain a Debt Service Coverage Ratio of 1.4 times at the subsidiary level and 1.2 times at the consolidated Company level, both of which are measured at year end. Per the Arlington Facility agreement, the Debt Service Coverage Ratio is defined as net operating income divided by annual debt service (principal plus interest). As of December 31, 2021, the Company was in compliance with all nonfinancial covenants.

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

Financing Obligations

The financing obligations primarily relate to a purchase of a Santa Barbara property that closed in July 2020 for $3,100 in cash proceeds. The carrying amount of the property as of December 31, 2021 and 2020, was $2,941 and $3,030, respectively. The initial monthly payment was $27 and monthly payments for the financing obligation increase 2.25% annually and the expected term is 30 years.

Unsecured Credit Lines

During the fourth quarter of 2020, Jushi Europe entered into a credit agreement with a sibling of the Jushi Europe non-controlling partner, and received €500 (approximately $614) principal amount. In January 2021, Jushi Europe received €1,000 (approximately $1,214 as of December 31, 2021) principal amount pursuant to a credit agreement with an individual. These credit agreements accrue interest at 5% per annum, payable annually in arrears, and mature on November 11, 2024. The outstanding balance may be prepaid at any time prior to maturity without penalty and may be offset with receivables from the lender.

In April 2021, Jushi Europe entered into an unsecured bridge loan with the Company (51% owner) and an investment partner for a total of €1,800 principal amount, of which €900 was contributed by the Company and is eliminated on consolidation. In September 2021, the parties amended the loan agreement and an additional €1,200 in funding was provided for Jushi Europe, of which 51% was contributed by the Company and is eliminated on consolidation. The bridge loans, as amended, currently accrue interest at 0.5% per annum, which is the foreign marginal lending facility rate plus 25 basis points. All payments including interest are due on maturity, which is 180 days post amendment. As of April 29, 2022, these loans had not yet been repaid. Refer to Note 20 - Non-Controlling Interests for additional information on Jushi Europe.

12. DERIVATIVE LIABILITIES

The components of the Company's derivative liabilities are as follows:

	December 31, 2021	December 31, 2020
Derivative Warrants liability	$ 92,261	$ 204,611
Prepayment Option liability	174	750
Total derivative liabilities, carrying amount	$ 92,435	$ 205,361

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

The continuities of the Company's derivative liabilities are as follows:

	Derivative Warrants Liability [1]	Prepayment Option Liability	Total Derivative Liabilities
Carrying amounts as of January 1, 2020	$ 5,529	$ —	$ 5,529
Fair value allocated to Derivative Warrants on issuance	30,245	—	30,245
Warrant modifications [2]	4,179	—	4,179
Fair value changes	173,397	750	174,147
Derivative Warrants exercised	(8,739)	—	(8,739)
Carrying amounts as of December 31, 2020	$ 204,611	$ 750	$ 205,361
Fair value changes	(104,594)	(576)	(105,170)
Derivative Warrants exercised	(7,756)	—	(7,756)
Carrying amounts as of December 31, 2021	$ 92,261	$ 174	$ 92,435

(1) Refer to Note 14 - Equity for the continuity of the number of these warrants outstanding.
(2) The gains (losses) on warrant modifications are included in other income (expense), net in the consolidated statements of operations and comprehensive income (loss).

Derivative Warrants Liability

The warrants to purchase Subordinate Voting Shares of the Company which were issued in connection with the Senior Notes (the "Derivative Warrants") have an expiration date of December 23, 2024 and an exercise price of US$1.25. There were 40,124,355 and 42,017,892 Derivative Warrants outstanding as of December 31, 2021 and 2020, respectively. The Derivative Warrants may be net share settled.

These warrants are considered derivative financial liabilities designated at fair value with all gains or losses recognized in profit or loss ("FVTPL") under IAS 32 *Financial Instruments* ("IAS 32") as they did not meet the IFRS "fixed for fixed" criteria due to the cashless exercise option, and certain of these warrants also contain(ed) down-round price protection features which also requires liability presentation. The estimated fair value of the Derivative Warrants is measured at each reporting period and an adjustment is reflected in fair value changes in derivatives in the consolidated statements of operations and comprehensive income (loss). These are Level 3 recurring fair value measurements. The derivatives are classified as non-current liabilities. The estimated fair value of the Derivative Warrants as of the balance sheet date was determined using the Monte Carlo simulation model taking into account the fair value of the Company's Subordinate Voting Shares on the valuation dates and into the future encompassing a wide range of possible future market conditions.

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

The assumptions used in the calculations as of the balance sheet dates and used in the determination of the initial or settlement fair values during the years presented included the following:

	As of December 31,		For the Year Ended December 31,	
	2021	2020	2021	2020
Stock price	$3.25	$5.86	$3.79 - $8.08	$1.21- $5.58
Risk-free annual interest rate	0.97%	0.26%	0.31% - 0.99%	0.11% - 1.74%
Range of estimated possible exercise price	$0.04 - $1.25	$0.01 - $1.25	$1.25	$0.03 - $1.58
Volatility	73%	80%	73% - 80%	75% - 85%
Remaining life (years)	3 years	4 years	3 - 4 years	4 - 5 years
Forfeiture rate	0%	0%	0%	0%
Expected annual dividend yield	0%	0%	0%	0%

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

	As of December 31, 2021			As of December 31, 2020		
	Input	Effect of 10% Increase	Effect of 10% Decrease	Input	Effect of 10% Increase	Effect of 10% Decrease
Stock price	$ 3.25	$ 12,781	$ (10,834)	$ 5.86	$ 21,856	$ (23,707)
Volatility	73 %	$ 4,473	$ (3,210)	80 %	$ 1,508	$ (4,239)

Prepayment Option

The mandatory Prepayment Option on the 10% Senior Notes (Refer to "Senior Notes in Note 11 - Debt) represents an embedded derivative which must be bifurcated and recorded at fair value (FVTPL) at each reporting period. The estimated fair value of the Prepayment Option was determined using a probability-weighted discounted cash flow analysis, taking into account the future likelihood of the mandatory redemption. These are Level 3 recurring fair value measurements. The significant assumptions used in the calculations include: the probability of a mandatory redemption, a mid-point redemption date, and the discount rate, which is based on market yields of similar host instruments. If any of the assumptions used in the calculation were to increase or decrease, this could result in a material increase or decrease in the estimated fair value of the Prepayment Option.

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

13. LEASE OBLIGATIONS

The Company leases certain business facilities for corporate, retail and cultivation purposes in Florida, Pennsylvania, Ohio, California, New York, Virginia, Illinois, Colorado and Massachusetts from third parties under lease agreements that specify minimum rentals. In addition, the Company leases certain equipment for use in cultivation and extraction activities. The expiry dates of the leases, including reasonably certain estimated renewal periods, are between 2022 and 2050.

The continuity and details of lease liabilities are as follows:

	December 31, 2021	December 31, 2020
IFRS 16 lease liabilities as of beginning of year	$ 39,210	$ 6,498
Lease additions	51,148	15,636
Lease additions from acquisitions	32,210	18,895
Lease payments	(9,666)	(3,168)
Interest expense on lease liabilities	10,729	3,321
Lease reassessment and reclassification	945	(1,933)
Lease termination	(5,707)	(39)
IFRS 16 lease liabilities as of end of year	$ 118,869	$ 39,210
Short-term lease obligations	$ 14,964	$ 4,716
Long-term lease obligations	$ 103,905	$ 34,494

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

Less than one year	$ 16,717
One to five years	55,417
Greater than five years	298,501
Total undiscounted lease obligations	$ 370,635
Interest	(251,766)
Lease obligations as of December 31, 2021	$ 118,869

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

As of December 31, 2021, estimated future minimum lease payments under non-cancelable operating leases having an initial term of one year or less were $247 and are not capitalized in the consolidated statement of financial position. The Company's rent expense related to low-value and short-term leases is included in general and administrative expenses and was $406 and $156 for the years ended December 31, 2021 and 2020, respectively.

Some property leases may contain variable payment terms that are linked to sales generated from a store or cannabis regulation changes. Variable lease payments for the years ended December 31, 2021 and 2020 were $355 and $34, respectively. Variable payment terms may be used for a variety of reasons, including minimizing the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs. All extension options that are reasonably certain to be exercised have been included in the measurement of lease obligations. The Company reassesses the likelihood of extension option exercise if there is a significant event or change in circumstances within its control.

14. EQUITY

(a) Authorized

The authorized share capital of the Company consists of common shares with an unlimited number of Subordinate Voting Shares ("SVS"), Multiple Voting Shares ("MVS"), and Super Voting Shares ("SV"). As of December 31, 2021, there were 182,707,359 SVS issued and outstanding and there were no MVS or SV outstanding. On August 9, 2021, all of the 149,000 previously issued and outstanding Super Voting Shares and all of the 4,000,000 previously outstanding Multiple Voting Shares were converted into Subordinate Voting Shares in accordance with their terms as described in Jushi Holdings Inc.'s Articles of Incorporation. All previously outstanding warrants to acquire Super Voting Shares and Multiple Voting Shares were also converted into warrants to acquire Subordinate Voting Shares, without any other amendment to the terms of such warrants.

(i) Subordinate Voting Shares

Holders of SVS ("SVS Holder") are entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company shall have the right to vote. At each such meeting SVS Holders are entitled to one vote in respect of each SVS held. SVS Holders are entitled to receive as and when declared by the directors, dividends in cash or property of the Company.

(ii) Multiple Voting Shares

The holders of Multiple Voting Shares (the "Multiple Voting Holders") shall have the right to 10 votes for each Subordinate Voting Share into which such Multiple Voting Shares could then be converted, which for greater certainty, shall initially equal 10 votes per Multiple Voting Share, and with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the SVS Holders, and shall be entitled to notice of any shareholders' meeting and shall be entitled to vote, together with holders of SVS, with respect to any question upon which SVS Holders have the right to vote. The MVS Holders shall have the right to receive dividends, out of any cash or other assets legally available therefore, pari passu (on an as-converted basis, assuming conversion of all MVS into SVS at the applicable conversion ratio and ignoring any limitations on conversion as outlined in the Company Articles) as to dividends and any declaration or payment of any dividend on the SVS.

(iii) Super Voting Shares

The holders of Super Voting Shares (the "Super Voting Holders") shall have the right to 10 votes for each Subordinate Voting Share into which such Super Voting Shares could then be converted (as outlined in the Company's Articles), which for greater certainty, shall initially equal 1,000 votes per Super Voting Share, and with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the Subordinate Voting Holders, and shall be entitled, to notice of any shareholders' meeting and shall be entitled to vote, together with holders of Subordinate Voting Shares, with respect to any question upon which Subordinate Voting Holders have the right to vote. The Super Voting Holders shall have the right to receive dividends, out of any cash or other assets legally available therefor, pari passu (on an as converted basis, assuming conversion of all Super Voting Shares into Subordinate Voting Shares at the applicable Conversion Ratio and ignoring any limitations on conversion as outlined in the Company Articles) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares.

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

Dividends

The Company has not paid dividends on any of its classes of stock. The Company's 10% Senior Notes and Acquisition Facility contain covenants that, among other things, limit the Company's ability to declare or pay dividends.

Public Offerings

On October 23, 2020, the Company issued 11,500,000 subordinate voting shares at a price of C$3.55 per share for total gross proceeds of approximately C$40,825 (~USD$31,076), which included the full exercise of the over-allotment option granted to the underwriters. The Company incurred $1,833 of costs directly related to the public offering.

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

Other Equity

Refer to "Promissory Notes Payable" in Note 11 - Debt, for details of a convertible promissory note classified as equity.

Warrants

Each warrant entitles the holder to purchase one share of the same class of common share. The following table summarizes all warrants outstanding as of December 31, 2021:

Expiration Date	Exercise Price ($)	Number of Warrants
February - July 2022	1.25 - 1.58	715,846
February - September 2023	1.47 - 1.50	337,500
February - December 2024	1.25	40,124,355
October - November 2025	2.47 - 2.94	1,435,075
November 2026	4.18	300,000
January - June 2029	0.50 - 2.00	26,367,627
Total warrants		69,280,403

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

As of December 31, 2021, warrants issued and outstanding have a weighted-average remaining contractual life of 4.7 years. Certain warrants may be net share settled.

A continuity of the warrants outstanding is as follows:

	Non-Derivative Warrants	Derivative Warrants [2]	Total Number of Warrants	Weighted - Average Exercise Price
Balance as of January 1, 2020 [1]	59,686,712	7,392,157	67,078,869	$ 1.60
Granted [3] [4] [5] [6]	2,821,692	39,540,902	42,362,594	1.26
Exercised [7][13]	(22,182,244)	(2,302,258)	(24,484,502)	1.90
Cancelled [8]	(2,811,916)	0	(2,811,916)	1.94
Expired	(750,000)	—	(750,000)	1.50
Voided [3] [9]	—	(2,612,909)	(2,612,909)	1.58
Balance as of December 31, 2020[1]	36,764,244	42,017,892	78,782,136	1.31
Granted [10]	300,000	—	300,000	4.18
Exercised [11][13]	(7,658,196)	(1,893,537)	(9,551,733)	2.26
Cancelled	(250,000)	—	(250,000)	1.50
Balance as of December 31, 2021	29,156,048	40,124,355	69,280,403	$ 1.19
Exercisable as of December 31, 2021 [12]	27,292,712	40,124,355	67,417,067	$ 1.15

(1) Total number of outstanding warrants on a non-converted basis was 62,669,886 and 50,966,619 as of December 31, 2020 and January 1, 2020, respectively. In August 2021, all outstanding warrants to acquire Super Voting Shares and Multiple Voting Shares were converted into warrants to acquire Subordinate Voting Shares, without any other amendment to the terms of such warrants. The 162,750 outstanding warrants for Super Voting Shares were converted to 16,275,000 warrants. The 6,750,000 warrants for Multi-Voting shares were converted into 6,750,000 warrants for Subordinate Voting Shares.

(2) Derivative warrants which were issued to the 10% Senior Notes holders and which have an exercise price of $1.25. These warrants represent a derivative liability and are therefore not classified as equity in the statement of financial position. Refer to Note 12 - Derivative Liabilities.

(3) Includes 2,375,372 derivative warrants that were issued in 2020 in connection with the issuance of Warrant Notes and subsequently voided when the Warrant Notes were exchanged for OID Notes. Refer to "Senior Notes" in Note 11 - Debt.

(4) Includes 950,148 derivative warrants issued in connection with the Warrant Notes issued for the TGS NCI buyout, 200,000 were issued in connection with the TGS Transaction and 633,433 were issued in connection with the Warrant Notes issued for the Agape acquisition. Refer to Note 7 - Acquisitions.

(5) During the year ended December 31, 2020, the Company issued 301,539 warrants for broker services rendered in connection with the issuance of 10% Senior Notes, with a weighted average per share exercise price of $1.34, and a weighted average grant date fair value of $0.54.

(6) During the year ended December 31, 2020, the Company issued 2,285,075 warrants for other consulting or other services with a weighted average per share exercise price of $2.17 and a weighted average per share grant date fair value of $1.07. Certain of the warrants are subject to vesting and the expense relating to these awards is included in share-based compensation expense in the consolidated statements of operations and comprehensive income (loss).

(7) The weighted average share price as of the dates of exercise was $4.16. Warrants exercised includes warrants exercised as a result of the Company acceleration of the expiration of certain warrants. Warrants exercised includes warrants that were cashless net exercises. The Company received $45,510 in cash proceeds from warrants that were exercised during the year ended December 31, 2020.

(8) Includes the cancellation of 2,500,000 warrants returned in the TGS Transaction. Refer to Note 7 - Acquisitions.

(9) Includes 237,537 derivative warrants that were issued in connection with Warrant Notes during the year ended December 31, 2019 and subsequently voided during the first quarter of 2020 when the Warrant Note was exchanged for an OID Note.

(10) During the year ended December 31, 2021, the Company issued 300,000 warrants for other consulting or other services with a weighted average per share exercise price of $4.18 and a weighted average per share grant date fair value of $2.14. Certain of the

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

warrants are subject to vesting and the expense relating to these awards is included in share-based compensation expense in the consolidated statements of operations and comprehensive income (loss).
(11) The weighted average share price as of the dates of exercise was $5.54. The Company issued 8,667,173 SVS and received $16,922 in cash proceeds during the year ended December 31, 2021.
(12) The weighted average remaining contractual life was 4.7 years.
(13) Several of the warrants contained terms under which the Company could force exercise and many of the warrants contained terms under which the Company could accelerate the expiration date following a liquidity event if the volume weighted average price for any 20 or 30 consecutive trading days, as applicable, equals or exceeds a certain per share price. During the years ended December 31, 2021 and 2020, the Company exercised its rights to accelerate the expiration of certain outstanding warrants issued to participants in the Company's private placement offerings that closed in March 2019, October 2018, June 2018 and April 2018, respectively.

Grant Date Fair Values

The fair value of the warrants issued for services or consulting, including for broker services was determined using the Black-Scholes option-pricing model. The following assumptions were used for the calculations at the time of issuance or grant:

	For the Year Ended December 31,	
	2021	2020
Stock price	$4.16	$0.71 -$3.18
Risk-free annual interest rate	0.97%-1.16%	0.11% - 1.55%
Expected annual dividend yield	nil	nil
Expected stock price volatility	73%	78% - 85%
Expected life of warrants	3-4 years	1 - 4 years
Forfeiture rate	—%	—%

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

15. SHARE-BASED COMPENSATION

The components of share-based compensation expense are as follows:

	For the Year Ended December 31,	
	2021	2020
Stock options	$ 7,064	$ 1,741
Restricted stock grants	5,273	4,798
Warrants	1,069	753
Total share-based compensation expense	$ 13,406	$ 7,292

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

Equity Incentive Plan

Under the Company's 2019 Equity Incentive Plan, as amended (the "Plan"), non-transferable options to purchase Subordinate Voting Shares and restricted Subordinate Voting Shares of the Company may be issued to directors, officers, employees, or consultants of the Company. The plan authorizes the issuance of up to 15% of the number of outstanding shares of common stock (of all classes) of the Company (the "Share Reserve"). Incentive stock options are limited to the Share Reserve as of June 6, 2019. As of December 31, 2021, the maximum number of incentive awards available for issuance under the 2019 Plan, including additional awards available for certain new hires, was 7.9 million.

(a) Stock Options

The stock options issued by the Company are options to purchase SVS of the Company. All stock options issued have been issued to employees of certain subsidiaries of the Company under the Company's Plan. Such options generally expire in ten years from the date of grant and generally vest ratably over three years from the grant date. The options may be net share settled.

The continuity of stock options outstanding is as follows:

	Number of Stock Options	Weighted-Average Per Share Exercise Price
Issued and Outstanding as of January 1, 2020	9,061,333	$ 1.89
Granted [1]	1,162,500	$ 2.71
Exercised [2]	(26,666)	$ 1.54
Forfeited/expired	(623,333)	$ 1.71
Issued and Outstanding as of December 31, 2020	9,573,834	$ 2.00
Exercisable as of December 31, 2020	3,150,986	$ 1.85
Issued and Outstanding as of December 31, 2020	9,573,834	$ 2.00
Granted [3] [4] [5]	11,486,952	$ 4.16
Exercised [6]	(291,664)	$ 1.90
Forfeited/expired	(340,002)	$ 3.23
Issued and Outstanding as of December 31, 2021	20,429,120	$ 3.20
Exercisable as of December 31, 2021	6,040,093	$ 1.97

(1) The weighted-average per share grant date fair value was $1.83.
(2) The weighted-average share price at the date of exercise was $4.52.
(3) The weighted-average per share grant date fair value was $2.61.
(4) Includes 5,100,000 stock options issued to senior key management. The weighted average exercise price and grant date fair value was $4.12 and $2.57, respectively.
(5) Includes 213,952 stock option issued to independent directors. The weighted average exercise price and fair value was $4.03 and $2.38, respectively.
(6) The weighted-average share price at the date of exercise was $4.92. The Company issued 216,133 SVS and received $208 in cash proceeds from stock options that were exercised during the year ended December 31, 2021.

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

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

Expiration Year	Stock Options Outstanding	Exercise Price	Stock Options Exercisable
2028	870,000	$1.00 - $1.35	870,000
2029	7,169,668	$1.26 - $2.75	4,766,987
2030	987,500	$0.91 - $ 3.98	329,156
2031	11,401,952	$3.70 - $6.53	73,950
	20,429,120		6,040,093

As of December 31, 2021, stock options outstanding have a weighted-average remaining contractual life of 8.7 years.

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

	For the Year Ended December 31,	
	2021	2020
Stock price	$3.62 - $6.48	$0.91 - $3.98
Risk-free annual interest rate	0.45% - 1.59%	0.26% - 1.47%
Expected annual dividend yield	0%	0%
Volatility	72% -78%	80% - 85%
Expected life of stock options	5 - 7.5 years	5 - 6.5 years
Forfeiture rate	0%	0%

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

(b) Restricted Stock Grants

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

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

	Number of Restricted Subordinate Voting Shares
Unvested restricted stock as of January 1, 2020	3,539,285
Granted (1)	4,764,766
Cancelled	(166,667)
Vested	(1,699,198)
Unvested restricted stock as of December 31, 2020	6,438,186
Granted (2)	65,398
Cancelled	(219,479)
Vested	(3,424,954)
Unvested restricted stock as of December 31, 2021	2,859,151

(1) The weighted-average grant date fair value of the RSAs was $2.21 and is based on the closing price of the subordinate voting shares of the Company on the grant date.
(2) The weighted-average grant date fair value of the RSAs was $3.66 and is based on the closing price of the subordinate voting shares of the Company on the grant date.

Generally restricted stock awards will vest either one-third on each anniversary of service from the vesting start date or will be fully vested on the completion of one year of full service from the vesting start date, depending on the award. As of December 31, 2021, unvested restricted stock awards have a weighted-average remaining vesting period of 1.2 years.

The grant date fair value of restricted stock grants is based on the closing price of the subordinate voting shares of the Company on the grant date.

Details of the Company's restricted stock awards during the years presented are as follows:

Description of grant/grantee	Number Granted	Weighted Average Grant Date Fair Value	Vesting Period
Grants during the year ended December 31, 2021			
Independent directors	34,815	$ 5.63	1 year
Employees	30,583	$ 1.42	1 - 3 years
Total restricted stock award grants	65,398	$ 3.66	
Grants during the year ended December 31, 2020			
Senior key management (1)	3,213,651	$ 2.32	1 - 3 years
Independent directors	258,713	$ 2.14	1 year
MEND (2)	242,248	$ 1.29	3 years
Employees	1,050,154	$ 2.09	1 - 3 years
Total restricted stock award grants	4,764,766	$ 2.21	

(1) Refer to Note 22 - Related Party Transactions for details of tax related promissory notes for these awards.

(2) Issued in accordance with the terms of the Advisory and Consulting Agreement and the Data Purchase Agreement related to the MEND acquisition completed in November 2018.

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

16. SEGMENTS

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

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

The accounting policies of the reportable segments are the same as those described in Note 1 - Nature of Operations. Any intercompany revenue and any costs between entities within a reportable segment are eliminated to arrive at consolidated segment totals.

Revenue for the Company's reportable segments is presented and reconciled to consolidated financial information in the following table. The table below may contain slight summation differences due to rounding.

	For the Year Ended December 31, 2021			For the Year Ended December 31,2020		
	Gross revenue	Intercompany revenue	Revenue to external customers	Gross revenue	Intercompany revenue	Revenue to external customers
Retail cannabis	$ 195,085	$ —	$ 195,085	$ 75,499	$ —	$ 75,499
Wholesale cannabis	29,969	(16,177)	13,792	6,639	(1,901)	4,738
Other	415	—	415	535	—	535
Eliminations	(16,177)	16,177	—	(1,901)	1,901	—
Consolidated revenue	$ 209,292	$ —	$ 209,292	$ 80,772	$ —	$ 80,772

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

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

17. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share

The reconciliation of the earnings (loss) and the weighted average number of shares used in the computations of basic and diluted EPS is as follows:

	For the Year Ended December 31,	
	2021	2020
Net income (loss) and comprehensive income (loss) attributable to Jushi shareholders:		
Used in calculating basic earnings (loss) per share	$ 24,136	$ (209,958)
Deduct: fair value gains on derivative warrant liabilities	(104,594)	
Used in calculating diluted loss per share	$ (80,458)	$ (209,958)
Weighted average number of outstanding shares:		
Weighted average number of outstanding shares - basic	166,081,141	99,560,553
Dilutive common stock equivalents: (1)		.
Warrants	31,733,086	—
Weighted average number of outstanding shares - diluted	197,814,227	99,560,553

(1) For the year ended December 31, 2021, stock options and warrants outstanding at period end not considered for inclusion in the computation of EPS because their effect would have been anti-dilutive totaled 49,585,168. In addition, $5,000 worth of potential subordinate voting shares for contingent consideration related to an acquisition (Refer to Note 7 - Acquisitions) are not included in the calculation of EPS because their effect would have been anti-dilutive. No dilutive potential shares of common stock were included in the computation of diluted net loss per share for the year ended December 31, 2020 because their effect would be anti-dilutive. The outstanding type of securities as of December 31, 2020 that could potentially dilute basic loss per common share were stock options, warrants (including derivative warrants) and convertible promissory notes. For the year ended December 31, 2020, 89,285,970 of securities (on an as-converted basis), based on the amounts outstanding at year end, were excluded from consideration in the computation of diluted loss per share attributable to shareholders because their effect would have been anti-dilutive.

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

18. NATURE OF EXPENSES

Costs of sales and general, administrative and selling expenses by nature are as follows:

	Note	For the Year Ended December 31, 2021	2020
Cost of goods sold:			
Inventory expensed to cost of sales		$ 121,484	$ 42,841
Other production costs		1,666	587
Inventory provision, net		2,755	118
Total cost of goods sold		$ 125,905	$ 43,546
Operating Expenses			
Salaries, wages, labor and employee related expenses		$ 58,228	$ 21,781
Share-based compensation	15	13,406	7,292
Depreciation and amortization expense	6, 8	6,841	5,071
Other general and administrative expenses (1)		30,055	17,346
Goodwill impairment	8	2,384	—
Asset impairment	6, 20	4,561	—
Acquisition and deal costs		1,624	810
Total operating expenses		$ 117,099	$ 52,300

(1) Other general and administrative expenses is primarily comprised of rent and related expenses, professional fees and legal expenses, marketing and selling expenses, insurance costs, administrative and application fee, software and technology costs, travel, entertainment and conferences, provision for expected credit losses and other.

Interest expense, net is comprised of the following:

	Note	For the Year Ended December 31, 2021	2020
Interest and accretion - 10% Senior Notes	11	$ 17,570	$ 13,782
Interest - leases liabilities	13	10,729	3,321
Interest and accretion - promissory notes	11	1,291	1,840
Interest and accretion - Acquisition Facility	11	1,103	—
Interest and accretion - other debt	11	506	190
Total interest expense		$ 31,199	$ 19,133
Interest income		$ (243)	$ (231)
Total interest expense, net		$ 30,956	$ 18,902

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

The components of other income, net are as follows:

		For the Year Ended December 31,	
	Note	2021	2020
Net gains on business combinations	7	$ 520	$ 6,472
Gains (losses) on investments and financial assets	3	352	(1,609)
Losses on debt redemptions/extinguishments/modifications	11	(3,815)	(1,853)
Net gains (losses) on legal settlements	8, 21	10,350	(2,217)
Other		560	(417)
Other income, net		$ 7,967	$ 376

19. INCOME TAXES

The Company is subject U.S. federal taxation and is also subject to income taxes in various state jurisdictions, all with varying tax rates. Income tax expense for the years presented consisted of the following:

	For the Year Ended December 31,	
	2021	2020
Current:		
Current tax on profits for the year	$ 35,105	$ 14,557
Adjustments for current tax of prior periods	(346)	(118)
Total current tax expense	$ 34,759	$ 14,439
Deferred:		
Decrease (increase) in deferred tax assets	$ (9,865)	$ (4,698)
(Decrease) increase in deferred tax liabilities	6,195	660
Total deferred tax benefit	$ (3,670)	$ (4,038)
Total income tax expense	$ 31,089	$ 10,401

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

The reconciliation between the effective tax rate on income from operations and the statutory rate for the years presented is as follows:

	For the Year Ended December 31, 2021	For the Year Ended December 31, 2020
Income (loss) before income taxes	$ 52,452	$ (201,465)
Statutory tax rate	21.00%	21.00%
Expense (recovery) based on statutory rates	$ 11,015	$ (42,308)
Difference in tax rates	$ 17,347	$ (53,962)
I.R.C. Section 280E disallowed expenses	26,572	14,021
Fair value changes on derivatives	(50,482)	83,868
Management incentive compensation	4,282	1,969
Interest expense, finance charges and discounts	3,899	309
Prior year tax losses recognized	—	(910)
Interest and penalties on uncertain tax positions	3,430	—
Current year temporary differences not recognized	2,049	1,269
State taxes, net	8,233	2,352
Current year tax losses not recognized	3,765	2,913
Other, net	979	880
Total income tax expense	$ 31,089	$ 10,401

The table above reflects activity for all consolidated entities, including for foreign entities for which no losses are recognized. The prior year information has been updated to conform to the current year presentation.

During the year ended December 31, 2021, there were no material changes to the statutory tax rates in the taxing jurisdictions where the majority of the Company's income for tax purposes was earned, or where its temporary differences or losses are expected to be realized or settled.

The components and continuity of deferred tax assets and liabilities for the years presented were as follows:

Deferred tax assets:	Balance as of January 1, 2020	Recognized in Profit or Loss	Recognized in Equity	Recognized in Bargain Purchase Gain	Recognized in Goodwill	Balance as of December 31, 2020
Lease liability	$ 151	$ 2,881	$ —	$ 5,270	$ —	$ 8,302
Tax losses	340	601	—	—	—	941
Start-up costs	852	971	—	—	—	1,823
Other items	16	246	—	—	—	262
Total deferred tax assets	$ 1,359	$ 4,699	$ —	$ 5,270	$ —	$ 11,328

Deferred tax assets:	Balance as of January 1, 2021	Recognized in Profit or Loss	Recognized in Equity	Recognized in Bargain Purchase Gain	Recognized in Goodwill	Balance as of December 31, 2021
Lease liability	$ 8,302	$ 9,584	$ —	$ —	$ 8,375	$ 26,261
Tax losses	941	(775)	—	—	—	166
Inventory	42	2,256		—	(2,088)	210
Start-up costs	1,823	(1,003)	—	—	—	820

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

Other items	220	(198)	—	—	5	27
Total deferred tax assets	$ 11,328	$ 9,864	$ —	$ —	$ 6,292	$ 27,484

Deferred tax liabilities:	Balance as of January 1, 2020	Recognized in Profit or Loss	Recognized in Equity	Recognized in Bargain Purchase Gain	Recognized in Goodwill	Balance as of December 31, 2020
Property, plant and equipment	$ (2,674)	$ 1,115	$ —	$ (143)	$ (330)	$ (2,032)
Right-of-use assets	(144)	(3,597)	—	(5,031)	(167)	(8,939)
Biological assets	(55)	(1,772)	—	—	—	(1,827)
Intangible assets	(15,731)	1,826	—	(4,434)	(1,295)	(19,634)
Investments in 50% or less owned companies	(3,089)	2,341	—	—	—	(748)
Other liabilities	$ —	$ (574)	$ (1,372)	$ —	$ —	$ (1,946)
Total deferred tax liabilities	$ (21,693)	$ (661)	$ (1,372)	$ (9,608)	$ (1,792)	$ (35,126)

Deferred tax liabilities:	Balance as of January 1, 2021 (1)	Recognized in Profit or Loss	Recognized in Equity	Recognized in Bargain Purchase Gain	Recognized in Goodwill	Balance as of December 31, 2021
Property, plant and equipment	$ (2,032)	$ 205	$ —	$ —	$ (4,059)	$ (5,886)
Right-of-use assets	(8,939)	(8,595)	—	—	(9,355)	(26,889)
Biological assets	(1,827)	479	—		(1,702)	(3,050)
Intangible assets	(17,215)	478	—	—	(16,766)	(33,503)
Investments in 50% or less owned companies	(748)	748	—	—	—	—
Other liabilities	$ (1,946)	$ 491	$ —	$ —	$ —	$ (1,455)
Total deferred tax liabilities	$ (32,707)	$ (6,194)	$ —	$ —	$ (31,882)	$ (70,783)

	Balance as of January 1, 2020	Recognized in Profit or Loss	Recognized in Equity	Recognized in Bargain Purchase Gain	Recognized in Goodwill	Balance as of December 31, 2020
Total net deferred tax liabilities	$ (20,334)	$ 4,038	$ (1,372)	$ (4,338)	$ (1,792)	$ (23,798)

	Balance as of January 1, 2021 (1)	Recognized in Profit or Loss	Recognized in Equity	Recognized in Bargain Purchase Gain	Recognized in Goodwill	Balance as of December 31, 2021
Total net deferred tax liabilities	$ (21,379)	$ 3,670	$ —	$ —	$ (25,590)	$ (43,299)

(1) The total net deferred tax liabilities before the corrections for errors as noted in Note 2 - Basis of Presentation and Summary of Significant Accounting Policies was $23,798.

Deferred tax assets and liabilities have been offset where they relate to income taxes levied by the same taxation authority and the Company has the legal right and intent to offset. During the year ended December 31, 2021, the Company's net deferred tax liabilities were mainly impacted by the Natures Remedy and OSD acquisitions.

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

Unrecognized Temporary Differences

Deductible temporary differences have not been recognized in respect of the following items because it is not probable that future taxable profit will be available to utilize the benefit:

	December 31, 2021	December 31, 2020
State net operating losses - US	$ 1,884	$ 2,576
Federal net operating losses - US	$ —	$ 745
Non-capital losses carried forward - Switzerland	$ 2,949	$ 2,174
Non-capital losses carried forward - Portugal	$ 414	$ 95
Property, plant and equipment - Portugal	$ 4,561	$ —
Non-capital losses carried forward - Canada	$ 7,208	$ 9,360
Capital losses carried forward - Canada	$ 1,075	$ 325
Share issuance costs - Canada	$ 8,479	$ 5,927
Other temporary differences - Canada	$ 424	$ 14

The Company's U.S. net operating losses expire as follows:

Carryforward indefinitely	$ 1,884
Expire in 2041	1,645
Expire in 2040	70
Total	$ 3,599

Uncertain Tax Positions

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

The Company's 2019 - 2021 tax positions benefited from not applying IRC Section 280E to certain entities of the consolidated group either due to the entity not yet starting operations or because the entity had a separate trade or business that was not medical or recreational cannabis operations. During the year ended December 31, 2021, the Company determined that it is not probable these tax positions would be sustained under *IFRIC 23 Uncertainty over Income Tax Treatments ("IFRIC 23")*. As a result, current uncertain income tax liabilities of $40,579 are recorded through the income statement, which applied IRC Section 280E.

The pre-acquisition tax returns of OSD benefited from deducting certain selling, general and administrative costs and deducting accelerated depreciation. During the year ended December 31, 2021, the Company determined that it is not probable that these tax positions would be sustained under IFRIC 23. As a result, current uncertain income tax liabilities of $1,410 are recorded through goodwill.

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

20. NON-CONTROLLING INTERESTS

The following table presents the summarized financial information as of and for the year ended December 31, 2021 and 2020 for the Company's subsidiaries that have non-controlling interests. This information represents amounts before any intra-group eliminations.

December 31, 2021:

	Jushi Europe	Other Non-Material Interests	Total
Current assets	$ 12,076	$ 112	$ 12,188
Non-current assets	—	—	—
Total assets	$ 12,076	$ 112	$ 12,188
Current liabilities	$ 15,284	$ 332	$ 15,616
Non-current liabilities	1,698	—	1,698
Non-controlling interests	(1,387)	—	(1,387)
Equity attributable to Jushi	(3,519)	(220)	(3,739)
Total liabilities and equity	$ 12,076	$ 112	$ 12,188
Loss	$ (5,656)	—	$ (5,656)
Loss attributable to non-controlling interests	2,771	1	2,772
(Loss) income and comprehensive (loss) income attributable to Jushi shareholders	$ (2,885)	$ 1	$ (2,884)

There were no revenues for Jushi Europe or other non-material interests included in the consolidated statements of operations and comprehensive income (loss) for the year ended December 31, 2021.

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

December 31, 2020:

	Jushi Europe	Agape	Other Non-Material Interests	Total
Current assets	$ 5,700	$ 1,302	$ 112	$ 7,114
Non-current assets	635	8,779	—	9,414
Total assets	$ 6,335	$ 10,081	$ 112	$ 16,528
Current liabilities	$ 5,989	$ 752	$ 332	$ 7,073
Non-current liabilities	614	1,521	—	2,135
Non-controlling interests	364	1,562	1	1,927
Equity attributable to Jushi	(632)	6,246	(221)	5,393
Total liabilities and equity	$ 6,335	$ 10,081	$ 112	$ 16,528
(Loss) income	$ (1,399)	$ 7	$ (57)	$ (1,449)
Loss (income) attributable to non-controlling interests [1]	$ 616	$ (2)	$ 11	$ 625
(Loss) income and comprehensive (loss) income attributable to Jushi shareholders	$ (783)	$ 5	$ (46)	$ (824)

(1) Excludes $1,283 for Dalitso, whose non-controlling interests were purchased by the Company during the year ended December 31, 2020.

Revenues, included in the consolidated statements of operations and comprehensive loss for entities which had non-controlling interests during the year, totaled $2,673 for the year ended December 31, 2020.

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

	Dalitso	BHIL	Jushi Europe	Agape	Other Non-Material Interests	Total
Balance as of January 1, 2020	$ 9,642	$ —	$ —	$ —	$ 18	$ 9,660
Acquisitions	—	4,661	—	1,560	—	6,221
Purchases of non-controlling interests	(8,359)	(4,661)	—	—	—	(13,020)
Cash contribution of $2,000 less 51% allocated to Jushi	—	—	980	—	—	980
Other transactions with non-controlling interests, net	—	—	—	—	(6)	(6)
Net (loss) income	(1,283)	—	(616)	2	(11)	(1,908)
Balance as of December 31, 2020	$ —	$ —	$ 364	$ 1,562	$ 1	$ 1,927
Adjustments	—	—	1,020	—	—	1,020
Purchases of non-controlling interests	—	—	—	(1,562)	—	(1,562)
Loss	—	—	(2,771)	—	(1)	(2,772)
Balance as of December 31, 2021	$ —	$ —	$ (1,387)	$ —	$ —	$ (1,387)

Other non-material interests in the tables above includes the non-controlling interests in Jushi Ampal NJ, LLC, which is measured using the proportionate share method.

Purchases of Non-Controlling Interests

Agape

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

Dalitso

In November and December 2020, the Company closed on a series of transactions pursuant to which the Company acquired all the remaining 38.24% equity interests of Dalitso (the ”Dalitso NCI Transactions”), for total consideration with an estimated fair value of $14,846. The consideration comprised of 3,294,478 SVS (with a total fair value of $12,053), $381 in cash, and an unsecured promissory note of principal amount $2,412. Refer to “Promissory Notes Payable” in Note 11 - Debt for details of this convertible promissory note. The SVS were valued based on the closing price of the SVS as of the dates of the transactions. The Dalitso NCI Transactions resulted in an increase in accumulated deficit of $6,486 and a decrease in non-controlling interests of $8,359. The Company now owns 100% of the issued and outstanding shares of Dalitso.

TGSIH/BHIL

In the first quarter of 2020, previous litigation involving a non-controlling interest holder in TGSIH was settled resulting in an agreement for the Company to purchase the remaining approximately 25% interest in TGSIH held by the non-controlling interest holders. On February 21, 2020, the Company acquired the remaining approximately 25% interest in TGSIH (the “TGSIH NCI Transaction”) for total consideration with an estimated fair value of $4,661 as of the date of the acquisition. The consideration comprised of $2,000 in cash (of which $150 related to the legal settlement and was expensed), 633,433 Subordinate Voting Shares (fair value $811), and $2,000 in 10% Senior Notes (fair value $1,325) with 950,148 warrants (fair value $675) to acquire Subordinate Voting Shares at an exercise price of ~$1.57 (the exercise price has since been updated to $1.25 as a result of a subsequent down-round - Refer to Note 12 - Derivative Liabilities for additional information). The terms of the Senior Notes are those described in Note 11 - Debt. Refer to Note 12 - Derivative Liabilities for fair value assumptions for warrants issued and bifurcated from the Senior Notes. The SVS were valued based on the closing price of the Subordinate Voting Shares as of the date of the TGSIH NCI Transaction. The Company now owns 100% of TGSIH.

Jushi Europe

In March 2020, the Company finalized its agreement to expand internationally through the establishment of Jushi Europe. Jushi Europe plans to build out its European business through a combination of strategic acquisitions, partnerships, and license applications, focused on supplying the highest-quality medical cannabis products to patients throughout Europe. During the first quarter of 2020, the Company received $2,000 in cash from the 49% investor partner. The Company owns 51% of Jushi Europe and is exposed, or has rights, to variable returns from Jushi Europe and has the power to govern the financial and operating policies of Jushi Europe through voting control so as to obtain economic benefits, and therefore the Company has consolidated Jushi Europe from the date of acquisition.

On February 16, 2022, Jushi Europe filed a notice of over-indebtedness with the Swiss courts. As a result of the impending proceedings, the Company determined that the assets of Jushi Europe were impaired and recognized an impairment loss of $4,561 for the year ended December 31, 2021, which is included in operating expenses in the consolidated statements of operation and comprehensive income (loss). The impairment loss is comprised of fixed asset impairment charges of $4,451 and other asset write-offs of $110. Refer to Note 6 - Property, Plant and Equipment.

21. COMMITMENTS AND CONTINGENCIES

Contingencies

Although the possession, cultivation and distribution of cannabis for medical use is permitted in certain states, cannabis is classified as a Schedule-I controlled substance under the U.S. Controlled Substances Act and its use remains a violation of federal law. 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 believes that the Company is in material compliance with applicable local and state regulations as of December 31, 2021, marijuana regulations continue to evolve and are subject to differing interpretations. As a result, the Company could be subject to regulatory fines, penalties or restrictions at any time. Since federal law criminalizing the use of cannabis preempts state laws that legalize its use, strict enforcement of federal law regarding cannabis would likely result in the Company's inability to proceed with the Company's business plans. In addition, the Company's assets, including real property, cash and cash equivalents, equipment, inventory and biological assets and other goods, could be subject to asset forfeiture because cannabis is still federally illegal.

Refer to Note 19 - Income Taxes for certain tax related contingencies and to Note 7 - Acquisitions for an acquisition-related contingent consideration liability.

Claims and Litigation

Any proceeding that may be brought against the Company could have a material adverse effect on the Company's business plans, financial condition and results of operations. From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. Except as disclosed below, as of December 31, 2021, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the Company's financial results. 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.

SFN Litigation

On March 19, 2018, the Company acquired a majority stake in TGS National Holdings LLC which controlled TGS National Franchise, LLC ("TGS NF"), a franchisor. During 2018, San Felasco Nurseries, Inc. ("SFN") terminated franchise agreements between it and TGS NF. SFN then sold its business to a third-party. TGS NF contended the termination of the franchise agreements and sale to the third party were wrongful and in late 2018 initiated arbitration seeking to recover its monetary damages. In May 2020, Jushi FL SPV, LLC was substituted for TGS NF as the claimant in the arbitration. The final hearing in the arbitration was held in May 2021. In July 2021, three arbiters of the American Arbitration Association found that SFN improperly terminated its franchise agreements with Jushi FL SPV, LLC without cause and in bad faith. The parties confidentially agreed to payment terms. Pursuant to a separate contract, a third party was entitled to receive 25% of the recovery of the arbitration, net of all fees and costs related to SFN. During the year ended December 31, 2021, the Company received the settlement payment, and after deducting expenses, fees and the 25% due to a third party, recognized a net gain on legal settlement of $10,248 which is included in other income (expense), net in the consolidated statements of operations and comprehensive income (loss).

Refer to Note 20 - Non-Controlling Interests for discussion of the bankruptcy of Jushi Europe.

Commitments

In addition to the contractual obligations outlined in Note 11 - Debt, Note 13 - Lease Obligations and Note 23 - Financial Instruments and Financial Risk Management, the Company has the following commitments as of December 31, 2021:

(i) Acquisitions

NuLeaf

In November 2021, the Company entered into a definitive agreement to acquire NuLeaf, Inc. together with its subsidiaries and related companies (collectively, "NuLeaf"), a Nevada-based vertically-integrated operator. NuLeaf currently operates two high-performing adult-use and medical retail dispensaries in Las Vegas, NV and Lake Tahoe, NV, in addition to a 27,000 sq. ft. cultivation facility in Sparks, NV, as well as a 13,000 sq. ft. processing facility in Reno, NV. Additionally, NuLeaf owns a third licensed retail dispensary located directly on Las Vegas Boulevard. Refer to Note 24 - Subsequent Events.

Apothecarium

In September 2021, the Company entered into a definitive agreement to acquire 100% of the equity interest of an entity operating an adult-use and medical retail dispensary under the name The Apothecarium in Las Vegas, NV ("Apothecarium"). The Apothecarium acquisition, together with the prior acquisition of FBS Nevada, a holder of medical and adult-use cannabis cultivation, processing, and distribution licenses, will enable the Company to become vertically integrated in Nevada, as well as provide significant branding exposure for Jushi's high-quality product lines. Refer to Note 24 - Subsequent Events.

(ii) Property and Construction Commitments

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

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

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

22. RELATED PARTY TRANSACTIONS

The Company had the following related party transactions during the year ended December 31, 2021 and 2020:

	For the Year Ended December 31,		As of December 31,	
	2021	2020	2021	2020
Nature of transaction	Related Party Income (Expense) $		Related Party Prepaid/Receivable (Payable) $	
Management services agreements [1][2]	(42)	(248)	—	7
Directors' fees [3]	(36)	(200)	(13)	(50)
10% Senior Notes - interest expense and principal amount [5][4]	[4]	$ (2,284)	$ (150)	$ (25,050)
Senior key management [6]				
Salary and wages [7]	(4,631)	(1,334)	—	—
Share-based compensation expense	(6,180)	(3,160)	—	—
Loans - interest charged/principal plus accrued interest outstanding [8]	90	21	—	2,470

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

(2) Excludes expense from warrants for management services and consulting agreements, which is included in stock-based compensation expense. For the year ended December 31, 2021 and 2020, total expense for warrants issued in connection with consulting and/or management services agreements with related parties was $61 and $251, respectively. The Company did not issue any additional warrants in connection with these related party consulting and/or management services agreements during the year ended December 31, 2021 and 2020.

(3) Excludes expense from RSAs and stock options, which is included in stock-based compensation expense. RSA and stock option expense relating to independent directors was $615 and $483 for the year ended December 31, 2021 and 2020, respectively. Refer to Note 15 - Share-Based Compensation for details of restricted stock awards and stock option grants.

(4) For 2020, interest expense includes amounts related to senior key management, a significant shareholder and other related parties. Excludes amounts related to non-senior key management employees. Interest expense for the year ended December 31, 2021 cannot be reliably determined as the majority of the senior notes are publicly traded since December 2020 and the majority of the notes for related parties were sold and/or redeemed during the year ended December 31, 2021.

(5) Refer to "Senior Notes" in Note 11 - Debt for information on the Senior Notes redemptions which occurred in January and February of 2021. Of the total amount of Senior Notes redeemed in January 2021, $3,072 was estimated to be related to related parties including certain senior management and a significant shareholder. In February 2021, certain senior key management and a significant investor sold their remaining principal amounts of publicly traded 10% Senior Notes totaling $19,219.

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

(7) For the year ended December 31, 2021, salaries and wages includes payroll for two new executive employees, and excludes executive severance for Mr. Erich Mauff, former Co-President and Director of the Board and Mrs. Bambach, former CFO. Total severance expense for the year ended December 31, 2021 was $1,966, which primarily related to these executives.

(8) In connection with tax elections related to the issuance of certain restricted stock to executives during the year ended December 31, 2020, the Company paid taxes totaling $2,450 on behalf of these employees, for which promissory notes were issued and which amounts including accrued interest were included in other long-term assets as of December 31, 2020 (Refer to Note 9 - Other Long-Term Assets). The promissory notes bore interest at 5% compounded annually, which was payable on maturity. In January 2021, an executive received a loan from the Company of $174 for withholding tax requirements for RSAs issued to the executive, which was repaid in full via payroll deductions. In April 2019, the Company entered into promissory notes with certain executives for the purchase of restricted stock, pursuant to which those executives borrowed an aggregate of $1,813 at a rate of 2.89% per annum, compounded annually. As these loans were non-recourse loans under the accounting guidance they were not reflected in the consolidated balance sheet or table above. As of December 31, 2021, all these balances plus accrued interest have

been settled. The balances including accrued interest were settled as part of the executive's regular pay and bonus (included in the table above), severance or via shares repurchased by the Company. During the year ended December 31, 2021, the Company received 471,757 shares from key management personnel in full settlement of principal amount $2,007 outstanding promissory notes and related interest.

Refer to "Other Debt" in Note 11 - Debt for details for details of other loans from related parties.

23. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

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

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

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

	Note	December 31, 2021	December 31, 2020	Classification and Measurement	Level within the Fair Value Hierarchy for FVTPL Financial Instruments
Financial Assets:					
Cash and cash equivalents and non-current restricted cash		$ 95,487	$ 85,857	Amortized Cost	n/a
Accounts receivable, net		$ 3,200	$ 859	Amortized Cost	n/a
Investments in securities - shares	3	$ —	$ 6,026	FVTPL	Level 1
Investments in securities - warrants	3	$ —	$ 1,908	FVTPL	Level 2
Other current assets	5	$ 12,875	$ 4,691	Amortized Cost	n/a
Other non-current assets - indemnification assets	7	$ 2,733	$ —	Amortized Cost	n/a
Other non-current assets - equity investment	9	$ 1,500	$ 1,500	FVTPL	Level 3
Long-term employee receivables and accrued interest		$ —	$ 2,470	Amortized Cost	n/a
Financial Liabilities:					
Accounts payable		$ 10,539	$ 3,711	Amortized Cost	n/a
Accrued expenses and other current liabilities, including tax liabilities	10	$ 94,231	$ 26,727	Amortized Cost	n/a
Debt (including current portion)	11	$ 127,224	$ 58,722	Amortized Cost	n/a
Lease obligations	13	$ 118,869	$ 39,210	Amortized Cost	n/a
Derivative liabilities	12	$ 92,435	$ 205,361	FVTPL	Level 3
Contingent consideration liabilities		$ 8,223	$ —	FVTPL	Level 3

The carrying values of the short-term financial assets and liabilities held at amortized cost approximate their fair values due to the relatively short maturity of those instruments. The non-current equity investment approximates its fair value at the balance sheet date. Other assets held at amortized cost approximate their fair values.

Financial Risk Management

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

(a) Credit and Banking Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure as of December 31, 2021, is the carrying amount of cash and cash equivalents and restricted cash, investments, accounts receivable, and other current/non-current assets. The Company does not have significant credit risk with respect to its customers. The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk but has limited risk as the majority of its sales are retail sales which are transacted with cash. Non-current assets, such as deposits, are made in the normal course of business. The Company is not aware of any credit issues related to its assets.

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

All cash is placed with major U.S., Canadian or European financial institutions. Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash deposits. Cash accounts at each institution are insured by either the Canada Deposit Insurance Corporation ("CDIC") up to CAD$100,000, or the Federal Deposit Insurance Corporation ("FDIC") or the National Credit Union Association ("NCUA") up to $250,000, or Essisuisse Deposit Insurance ("ESI") up to CHF100,000, as applicable. As of December 31, 2021, the Company had $90,139 of cash and cash equivalents and restricted cash in excess of these insured limits.

The non-current restricted cash of $525 and $nil as of December 31, 2021 and 2020, respectively, which is separately disclosed in the consolidated statements of financial position and included in the consolidated statements of cash flows, is subject to regulatory restrictions, set aside for specific purposes and therefore not available for general use by the Company.

(b) Liquidity Risk and Capital Management

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

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

In addition to the commitments outlined in Note 21 - Commitments and Contingencies, the Company has the following estimated future contractual payment obligations, excluding interest payments on debt, contingent consideration liabilities and potential escalations in lease obligations for changes in cannabis regulations, as of December 31, 2021:

	< 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
Accounts payable, accrued expenses and other current liabilities, including accrued income taxes	$ 104,770	$ —	$ —	$ —	$ 104,770
Debt - principal amounts	2,113	95,445	42,220	10,541	150,319
Leases (including interest)	16,717	28,285	27,132	298,501	370,635
Total	$ 123,600	$ 123,730	$ 69,352	$ 309,042	$ 625,724

(c) Market Risk

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

Currency Risk - The operating results and financial position of the Company are reported in U.S. dollars. As of December 31, 2021, and 2020, the Company's financial assets and liabilities are denominated primarily in U.S. dollars. From time to time, the Company may enter into financial transactions in currencies other than the U.S. dollar. The Company's results of operations are subject to currency transaction and translation risks. For the year ended December 31, 2021, the Company recorded foreign exchange gains of $31 and for the year ended December 31, 2020, the Company recorded foreign exchange losses of $47.

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

Price Risk - Price risk is the risk of variability in fair value due to movements in equity or market prices. Refer to Note 4 - Inventory and Biological Assets for the Company's sensitivity assessment of certain fair value assumptions used in the calculation of biological asset values. Refer to Note 12 - Derivative Liabilities for the Company's sensitivity assessment of certain fair value assumptions used in the calculation of derivative liabilities. Investments in securities are linked to market rates and therefore expose the Company to fair value price risk.

(d) Concentration Risk

The Company has a geographical concentration of revenues from external customers as follows:

	For the Year Ended December 31,	
	2021	2020
Pennsylvania	49%	55%
Illinois	37%	41%

24. SUBSEQUENT EVENTS

Private Placements

In January 2022, the Company closed non-brokered private placement offerings for an aggregate 3,717,392 SVS at a price of $3.68 per share to an existing investor group for aggregate gross proceeds of $13,680.

Acquisitions

In March and April 2022, the Company closed on the Apothecarium and the NuLeaf acquisitions, respectively. The Company drew down $25,000 from the Acquisition Facility to fund the cash portion of these transactions. For the NuLeaf acquisition, the Company paid upfront consideration comprised of $15,750 in cash, subject to working capital adjustments, issued 4,662,384 SVS (with a grant date fair value of $2.87 each), issued $15,750 in an unsecured five-year note, and may pay up to $10,000 in potential earn-out consideration based on receiving certain regulatory approval. For the Apothecarium acquisition, the Company issued 527,704 SVS (with a grant date fair value of $3.79 each), issued a $10,000 five-year note, and paid $6,000 in cash, subject to adjustments, and may pay up to $2,000 in potential earn out consideration based on the achievement of certain financial metrics.

Other than the information already disclosed in Note 21 - Commitments and Contingencies, the Company is still in the process of gathering and preparing additional disclosure information for these acquisitions, including preliminary purchase price allocations and pro forma financial information. Due to the timing of the acquisitions, the Company is not able to provide additional information at this time. Refer to Note 21 - Commitments and Contingencies.