

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2021

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from to



Commission file number 000-56132

GREEN THUMB INDUSTRIES INC.

(Exact name of registrant as specified in its charter)

British Columbia

(State or other jurisdiction of
incorporation or organization)

**325 West Huron Street,
Suite 700 Chicago, Illinois**
(Address of principal executive offices)

98-1437430

(I.R.S. employer
identification no.)

60654
(zip code)

Registrant's telephone number, including area code - (312) 471-6720

Securities registered pursuant to Section 12(g) of the Act:

Subordinate Voting Shares
Multiple Voting Shares
Super Voting Shares
(Title of each Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 day. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

As of August 1, 2021, there were 190,949,708 shares of the registrant's Subordinate Voting Shares, 3,965,400 shares of the registrant's Multiple Voting Shares (on an as converted basis) and 29,503,100 shares of the registrant's Super Voting Shares (on an as converted basis).

GREEN THUMB INDUSTRIES INC.

QUARTERLY REPORT ON FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED June 30, 2021

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Use of Names

In this Quarterly Report on Form 10-Q, unless the context otherwise requires, the terms “we,” “us,” “our,” “Company,” “Corporation” or “Green Thumb” refer to Green Thumb Industries Inc. together with its wholly-owned subsidiaries.

Currency

Unless otherwise indicated, all references to “\$” or “US\$” in this document refer to United States dollars, and all references to “C\$” refer to Canadian dollars.

Disclosure Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains statements that we believe are, or may be considered to be, “forward-looking statements.” All statements other than statements of historical fact included in this document regarding the prospects of our industry or our prospects, plans, financial position or business strategy may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking words such as “may,” “will,” “expect,” “intend,” “estimate,” “foresee,” “project,” “anticipate,” “believe,” “plan,” “forecast,” “continue” or “could” or the negative of these terms or variations of them or similar terms. Furthermore, forward-looking statements may be included in various filings that we make with the Securities and Exchange Commission (the “SEC”), and in press releases or oral statements made by or with the approval of one of our authorized executive officers. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that these expectations will prove to be correct. These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements. These known and unknown risks include, without limitation: cannabis remains illegal under federal law, and enforcement of cannabis laws could change; the Company may be subject to action by the U.S. federal government; state regulation of cannabis is uncertain; the Company may be subject to heightened scrutiny by Canadian regulatory authorities; the Company may face limitations on ownership of cannabis licenses; the Company may become subject to U.S. Food and Drug Administration or the U.S. Bureau of Alcohol, Tobacco Firearms and Explosives regulation; cannabis businesses are subject to applicable antimoney laundering laws and regulations and have restricted access to banking and other financial services; the Company may face difficulties acquiring additional financing; the Company lacks access to U.S. bankruptcy protections; the Company operates in a highly regulated sector and may not always succeed in complying fully with applicable regulatory requirements in all jurisdictions where we carry on business; the Company may face difficulties in enforcing its contracts; the Company has limited trademark protection; cannabis businesses are subject to unfavorable tax treatment; cannabis businesses may be subject to civil asset forfeiture; the Company is subject to proceeds of crime statutes; the Company faces exposure to fraudulent or illegal activity; the Company’s use of joint ventures may expose it to risks associated with jointly owned investments; the Company faces risks due to industry immaturity or limited comparable, competitive or established industry best practices; the Company faces risks related to its products; the Company is dependent on the popularity of consumer acceptance of the Company’s brand portfolio; the Company’s business is subject to the risks inherent in agricultural operations; the Company may be adversely impacted by rising or volatile energy costs; the Company faces an inherent risk of product liability or similar claims; the Company’s products may be subject to product recalls; the Company may face unfavorable publicity or consumer perception; the Company’s voting control is concentrated; the Company’s capital structure and voting control may cause unpredictability; issuances of substantial amounts of Super Voting Shares, Multiple Voting Shares or Subordinate Voting Shares may result in dilution; and the Company is governed by corporate laws in British Columbia, Canada which in some cases have a different effect on shareholders than the corporate laws in Delaware, United States. Further information on these and other potential factors that could affect the Company’s business and financial condition and the results of operations are included in the “Risk Factors” section of the Company’s Annual Report on Form 10-K for the year ended December 31, 2020, and elsewhere in the Company’s filings with the SEC, which are available on the SEC’s website or at <https://investors.gtigrows.com>. Readers are cautioned not to place undue reliance on any forward-looking statements contained in this document, which reflect management’s opinions only as of the date hereof. Except as required by law, we undertake no obligation to revise or publicly release the results of any revision to any forward-looking statements. You are advised, however, to consult any additional disclosures we make in our reports to the SEC. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this document.

Green Thumb Industries Inc.
Unaudited Interim Condensed Consolidated Balance Sheets
As of June 30, 2021 and December 31, 2020
(Amounts Expressed in United States Dollars)

| | June 30, | December 31, |
|--|-------------------------|-------------------------|
| | 2021 | 2020 |
| | | <i>(Audited)</i> |
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 359,188,735 | \$ 83,757,785 |
| Accounts Receivable | 24,705,148 | 21,414,987 |
| Inventories | 81,726,227 | 69,542,953 |
| Prepaid Expenses | 9,055,368 | 6,445,393 |
| Other Current Assets | 6,944,070 | 2,782,887 |
| Total Current Assets | 481,619,548 | 183,944,005 |
| Property and Equipment, Net | 241,460,209 | 189,925,877 |
| Right of Use Assets, Net | 158,652,337 | 140,382,781 |
| Investments | 41,725,403 | 40,794,806 |
| Investment in Associate | 31,508,586 | 12,669,963 |
| Intangible Assets, Net | 411,538,100 | 406,242,034 |
| Goodwill | 422,840,467 | 382,697,467 |
| Deposits and Other Assets | 3,289,765 | 1,892,229 |
| TOTAL ASSETS | \$ 1,792,634,415 | \$ 1,358,549,162 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 14,976,618 | \$ 20,503,572 |
| Accrued Liabilities | 72,889,621 | 56,288,729 |
| Current Portion of Notes Payable | 581,436 | 341,983 |
| Current Portion of Lease Liabilities | 6,485,628 | 3,862,110 |
| Contingent Consideration Payable | 9,900,000 | 22,150,000 |
| Income Tax Payable | 528,161 | 16,142,041 |
| Total Current Liabilities | 105,361,464 | 119,288,435 |
| Long-Term Liabilities: | | |
| Lease Liabilities, Net of Current Portion | 165,514,117 | 146,426,760 |
| Notes Payable, Net of Current Portion and Debt Discount | 197,036,410 | 98,712,996 |
| Contingent Consideration Payable | 4,950,000 | 4,950,000 |
| Warrant Liability | 47,464,750 | 39,454,000 |
| Deferred Income Taxes | 43,149,727 | 35,557,630 |
| TOTAL LIABILITIES | 563,476,468 | 444,389,821 |
| COMMITMENTS AND CONTINGENCIES | | |
| SHARE HOLDERS' EQUITY | | |
| Subordinate Voting Shares (Shares Authorized, Issued and Outstanding at June 30, 2021: | | |
| Unlimited, 187,786,682, and 187,786,682, respectively, at December 31, 2020: | | |
| Unlimited, 178,113,221, and 178,113,221, respectively) | — | — |
| Multiple Voting Shares (Shares Authorized, Issued and Outstanding at June 30, 2021: | | |
| Unlimited, 39,654 and 39,654, respectively, at December 31, 2020: | | |
| Unlimited, 40,289 and 40,289, respectively) | — | — |
| Super Voting Shares (Shares Authorized, Issued and Outstanding at June 30, 2021: | | |
| Unlimited, 301,031 and 301,031, respectively, at December 31, 2020: | | |
| Unlimited, 312,031 and 312,031, respectively) | — | — |
| Share Capital | 1,316,465,184 | 1,048,640,398 |
| Contributed Surplus | 13,159,133 | 4,893,153 |
| Deferred Share Issuances | 8,565,707 | 2,587,317 |
| Accumulated Deficit | (113,077,966) | (145,498,623) |
| Equity of Green Thumb Industries Inc. | 1,225,112,058 | 910,622,245 |
| Noncontrolling interests | 4,045,889 | 3,537,096 |
| TOTAL SHAREHOLDERS' EQUITY | 1,229,157,947 | 914,159,341 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 1,792,634,415 | \$ 1,358,549,162 |

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

Green Thumb Industries Inc.
Unaudited Interim Condensed Consolidated Statements of Operations
Three and Six Months Ended June 30, 2021 and 2020
(Amounts Expressed in United States Dollars, Except Share Amounts)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|-----------------------------|-----------------|---------------------------|-----------------|
| | 2021 | 2020 | 2021 | 2020 |
| Revenues, net of discounts | \$ 221,871,812 | \$ 119,639,924 | \$ 416,302,396 | \$ 222,242,526 |
| Cost of Goods Sold, net | (98,960,988) | (55,946,010) | (182,526,072) | (105,561,198) |
| Gross Profit | 122,910,824 | 63,693,914 | 233,776,324 | 116,681,328 |
| Expenses: | | | | |
| Selling, General, and Administrative | 72,055,473 | 49,643,211 | 131,386,724 | 95,077,968 |
| Total Expenses | 72,055,473 | 49,643,211 | 131,386,724 | 95,077,968 |
| Income From Operations | 50,855,351 | 14,050,703 | 102,389,600 | 21,603,360 |
| Other Income (Expense): | | | | |
| Other Income (Expense), net | 6,830,277 | (5,717,427) | 1,680,460 | 1,068,683 |
| Interest Income, net | 295,690 | 16,410 | 345,580 | 104,525 |
| Interest Expense, net | (4,679,795) | (4,734,908) | (8,802,971) | (9,776,350) |
| Total Other Income (Expense) | 2,446,172 | (10,435,925) | (6,776,931) | (8,603,142) |
| Income Before Provision for Income Taxes And Non-Controlling Interest | 53,301,523 | 3,614,778 | 95,612,669 | 13,000,218 |
| Provision For Income Taxes | 30,026,732 | 15,378,715 | 60,882,910 | 28,527,715 |
| Net Income (Loss) Before Non-Controlling Interest | 23,274,791 | (11,763,937) | 34,729,759 | (15,527,497) |
| Net Income Attributable to Non-Controlling Interest | 1,222,800 | 1,145,568 | 2,309,102 | 1,588,272 |
| Net Income (Loss) Attributable To Green Thumb Industries Inc. | \$ 22,051,991 | \$ (12,909,505) | \$ 32,420,657 | \$ (17,115,769) |
| Net Income (Loss) per share - basic | \$ 0.10 | \$ (0.06) | \$ 0.15 | \$ (0.08) |
| Net Income (Loss) per share - diluted | \$ 0.10 | \$ (0.06) | \$ 0.15 | \$ (0.08) |
| Weighted average number of shares outstanding - basic | 220,323,622 | 209,902,732 | 218,276,376 | 209,185,544 |
| Weighted average number of shares outstanding - diluted | 224,843,155 | 209,902,732 | 222,927,120 | 209,185,544 |

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

Green Thumb Industries Inc.
Unaudited Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
Three and Six Months Ended June 30, 2021 and 2020
(Amounts Expressed in United States Dollars)

| | Share Capital | Contributed Surplus (Deficit) | Deferred Share Issuance | Accumulated Earnings (Deficit) | Non- Controlling Interest | Total |
|---|----------------------|----------------------------------|----------------------------|--------------------------------------|---------------------------------|-----------------------|
| Balance, April 1, 2020 | \$ 990,290,509 | \$ 8,302,730 | \$ 16,587,798 | (164,697,854) | \$ 2,322,334 | \$ 852,805,517 |
| Noncontrolling interests adjustment for change in ownership | — | (5,700,000) | — | — | — | (5,700,000) |
| Issuance of shares under business combinations and investments | 1,840,009 | (2,000,000) | — | — | — | (159,991) |
| Distribution of Contingent Consideration | 11,227,642 | — | — | — | — | 11,227,642 |
| Distribution of deferred shares | 1,307,798 | — | (1,307,798) | — | — | — |
| Issuance of warrants | — | 181,272 | — | — | — | 181,272 |
| Exercise of options | 146,104 | 61,568 | — | — | — | 207,672 |
| Stock based compensation | — | 5,700,142 | — | — | — | 5,700,142 |
| Distributions to third party and limited liability company unit holders | — | — | — | — | (1,099,998) | (1,099,998) |
| Net (loss) income | — | — | — | (12,909,505) | 1,145,568 | (11,763,937) |
| Balance, June 30, 2020 | <u>1,004,812,062</u> | <u>\$ 6,545,712</u> | <u>\$ 15,280,000</u> | <u>(177,607,359)</u> | <u>\$ 2,367,904</u> | <u>\$ 851,398,319</u> |
| Balance, January 1, 2020 | \$ 980,638,701 | \$ 3,960,854 | \$ 16,587,798 | (160,491,590) | \$ 2,512,913 | \$ 843,208,676 |
| Noncontrolling interests adjustment for change in ownership | — | (5,700,000) | — | — | — | (5,700,000) |
| Contributions from limited liability company unit holders | — | — | — | — | 50,000 | 50,000 |
| Issuance of shares under business combinations and investments | 2,524,560 | (2,678,489) | — | — | — | (153,929) |
| Distribution of Contingent Consideration | 20,194,899 | — | — | — | — | 20,194,899 |
| Distribution of deferred shares | 1,307,798 | — | (1,307,798) | — | — | — |
| Issuance of warrants | — | 181,272 | — | — | — | 181,272 |
| Exercise of options | 146,104 | 61,568 | — | — | — | 207,672 |
| Stock based compensation | — | 10,773,884 | — | — | — | 10,773,884 |
| Distributions to third party and limited liability company unit holders | — | (53,377) | — | — | (1,783,281) | (1,836,658) |
| Net (loss) income | — | — | — | (17,115,769) | 1,588,272 | (15,527,497) |
| Balance, June 30, 2020 | <u>1,004,812,062</u> | <u>\$ 6,545,712</u> | <u>\$ 15,280,000</u> | <u>(177,607,359)</u> | <u>\$ 2,367,904</u> | <u>\$ 851,398,319</u> |

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

Green Thumb Industries Inc.
Unaudited Interim Condensed Consolidated Statements of Changes in Shareholders' Equity
Three and Six Months Ended June 30, 2021 and 2020
(Amounts Expressed in United States Dollars)

| | <u>Share Capital</u> | <u>Contributed Surplus (Deficit)</u> | <u>Deferred Share Issuance</u> | <u>Accumulated Earnings (Deficit)</u> | <u>Non- Controlling Interest</u> | <u>Total</u> |
|--|--------------------------|--|------------------------------------|---|--|---------------|
| Balance, April 1, 2021 | 1,236,987,6 | | | (135,129,95 | | 1,102,769,8 |
| | \$ 14 | \$ (2,788,150) | \$ 751,988 | \$ 7) | \$ 2,948,398 | \$ 93 |
| Issuance of shares under business combinations and investments | 56,754,956 | — | — | — | — | 56,754,956 |
| Issuance of deferred shares | — | — | 7,813,719 | — | — | 7,813,719 |
| Exercise of options, RSUs and warrants | 15,316,754 | (11,984,008) | — | — | — | 3,332,746 |
| Warrants and shares issued in association with notes payable | 270,660 | 22,258,608 | — | — | — | 22,529,268 |
| Shares issued for settlement of business dispute | 7,135,200 | — | — | — | — | 7,135,200 |
| Stock based compensation | — | 5,672,683 | — | — | — | 5,672,683 |
| Distributions to limited liability company unit holders | — | — | — | — | (125,309) | (125,309) |
| Net income | — | — | — | 22,051,991 | 1,222,800 | 23,274,791 |
| Balance, June 30, 2021 | 1,316,465,1 | | | (113,077,96 | | 1,229,157,9 |
| | \$ 84 | \$ 13,159,133 | \$ 8,565,707 | \$ 6) | \$ 4,045,889 | \$ 47 |
| Balance, January 1, 2021 | 1,048,640,3 | | | (145,498,62 | | \$914,159,341 |
| | \$ 98 | \$ 4,893,153 | \$ 2,587,317 | \$ 3) | \$ 3,537,096 | |
| Issuance of shares under business combinations and investments | 57,793,263 | (38,307) | — | — | — | 57,754,956 |
| Shares issued as contingent consideration | 12,672,681 | — | — | — | — | 12,672,681 |
| Issuance of deferred shares | — | — | 7,813,719 | — | — | 7,813,719 |
| Distribution of deferred shares | 1,825,597 | — | (1,835,329) | — | — | (9,732) |
| Issuance of registered shares pursuant to Form S-1 | 155,803,084 | (304,944) | — | — | — | 155,498,140 |
| Exercise of options, RSUs and warrants | 32,324,301 | (23,352,715) | — | — | — | 8,971,586 |
| Warrants and shares issued in association with notes payable | 270,660 | 22,258,608 | — | — | — | 22,529,268 |
| Shares issued for settlement of business dispute | 7,135,200 | — | — | — | — | 7,135,200 |
| Stock based compensation | — | 9,703,338 | — | — | — | 9,703,338 |
| Distributions to limited liability company unit holders | — | — | — | — | (1,800,309) | (1,800,309) |
| Net income | — | — | — | 32,420,657 | 2,309,102 | 34,729,759 |
| Balance, June 30, 2021 | 1,316,465,1 | | | (113,077,96 | | 1,229,157,9 |
| | \$ 84 | \$ 13,159,133 | \$ 8,565,707 | \$ 6) | \$ 4,045,889 | \$ 47 |

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

Green Thumb Industries Inc.
Unaudited Interim Condensed Consolidated Statements of Cash Flows
Six Months Ended June 30, 2021 and 2020
(Amounts Expressed in United States Dollars)

| | Six Months Ended June 30, | |
|--|---------------------------|----------------------|
| | 2021 | 2020 |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net income (loss) attributable to Green Thumb Industries Inc. | \$ 32,420,657 | \$ (17,115,769) |
| Net income attributable to non-controlling interest | 2,309,102 | 1,588,272 |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: | | |
| Depreciation and amortization | 30,066,413 | 26,945,085 |
| Amortization of operating lease assets | 16,027,698 | 12,430,640 |
| Loss on extinguishment of debt | 9,881,847 | — |
| Loss on disposal of property and equipment | 64,340 | 4,155 |
| Earnings from equity method investments | (1,646,373) | (550,000) |
| Bad debt expense | 5,983 | 318,896 |
| Deferred income taxes | 1,042,097 | (593,000) |
| Stock-based compensation | 9,703,338 | 10,773,886 |
| (Increase) decrease in fair value of investments | (18,754,321) | 17,035 |
| Interest on contingent consideration payable and acquisition liabilities | — | 769,217 |
| Increase in fair value of contingent consideration | 412,949 | 17,565 |
| Increase (decrease) in fair value of warrants | 8,010,750 | (1,120,343) |
| Shares issued for settlement of business dispute | 7,135,200 | — |
| Decrease in fair value of note receivable | — | 815,937 |
| Amortization of debt discount | 2,763,857 | 2,959,016 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (2,793,377) | (2,535,533) |
| Inventories | (10,373,446) | (7,950,215) |
| Prepaid expenses and other current assets | (6,303,131) | 2,858,221 |
| Deposits and other assets | (1,397,536) | 977,444 |
| Accounts payable | (6,074,449) | 3,174,865 |
| Accrued liabilities | 3,995,523 | 5,820,802 |
| Operating lease liabilities | (12,586,379) | (7,928,586) |
| Income tax payable | (15,613,880) | 28,572,736 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 48,296,862 | 60,250,326 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchases of property and equipment | (44,157,853) | (34,033,957) |
| Proceeds from disposal of assets | 60,000 | 11,799,025 |
| Investments in securities | (18,135,615) | — |
| Proceeds from sale of investments | 18,417,089 | — |
| Purchase of businesses, net of cash acquired | 233,227 | — |
| NET CASH USED IN INVESTING ACTIVITIES | (43,583,152) | (22,234,932) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Contributions from limited liability company unit holders | — | 50,000 |
| Distributions to third parties and limited liability company unit holders | (1,800,309) | (1,836,658) |
| Distributions from unconsolidated subsidiaries | 350,000 | — |
| Net proceeds from issuance of registered shares pursuant to Form S-1 | 155,498,140 | — |
| Proceeds from exercise of options and warrants | 8,971,586 | 207,672 |
| Proceeds from issuance of notes payable | 175,500,047 | — |
| Principal repayment of notes payable | (64,602,310) | (161,070) |
| Prepayment penalty and other costs associated with refinancing | (3,199,914) | — |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | 270,717,240 | (1,740,056) |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH: | | |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 275,430,950 | 36,275,338 |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH BEGINNING OF PERIOD | 83,757,785 | 46,667,334 |
| CASH, CASH EQUIVALENTS AND RESTRICTED CASH END OF PERIOD | \$ 359,188,735 | \$ 82,942,672 |

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

Green Thumb Industries Inc.
Unaudited Interim Condensed Consolidated Statements of Cash Flows
Six Months Ended June 30, 2021 and 2020
(Amounts Expressed in United States Dollars)

| | Six Months Ended June 30, | |
|---|----------------------------------|-----------------------------|
| | 2021 | 2020 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Interest paid | \$ 6,825,020 | \$ 6,048,116 |
| NONCASH INVESTING AND FINANCING ACTIVITIES | | |
| Accrued capital expenditures | \$ 13,808,012 | \$ (3,564,688) |
| Noncash increase in right of use asset | \$ (10,781,445) | \$ (37,863,550) |
| Noncash increase in lease liability | \$ 10,781,445 | \$ 37,863,550 |
| Warrant issuance associated with note payable | \$ 22,529,268 | \$ 753,658 |
| Mortgages associated with dispensaries | \$ — | \$ 1,814,000 |
| Liability for purchase of noncontrolling interest | \$ — | \$ 5,700,000 |
| Liability associated with acquisition agreement | \$ — | \$ 2,000,000 |
| Issuance of contingent consideration | \$ 13,672,681 | \$ 20,194,899 |
| Deferred share issuances | \$ 7,813,719 | \$ — |
| Deferred share distributions | \$ (1,835,329) | \$ (1,707,941) |
| Issuance of shares under business combinations | \$ 56,754,956 | \$ — |
| Acquisitions | | |
| Inventory | \$ 1,809,828 | \$ — |
| Accounts receivable | 502,767 | — |
| Prepaid assets | 118,027 | — |
| Property and equipment | 3,712,829 | 80,615 |
| Right of use assets | 12,267,252 | — |
| Identifiable intangible assets | 25,342,457 | (145,000) |
| Goodwill | 40,143,000 | (2,003,275) |
| Deposits and other assets | 350,000 | 603,988 |
| Liabilities assumed | (1,093,460) | (1,302,604) |
| Lease liabilities | (12,267,252) | — |
| Equity interests issued | (64,568,675) | 503,389 |
| Acquisition liability | — | (228,813) |
| Deferred income taxes | (6,550,000) | 2,491,700 |
| | <u>\$ (233,227)</u> | <u>\$ —</u> |
| RECONCILIATION OF CASH, AND CASH EQUIVALENTS AND RESTRICTED CASH | | |
| Cash and cash equivalents | \$ 359,188,735 | \$ 78,537,236 |
| Restricted cash | — | 4,405,436 |
| TOTAL CASH, AND CASH EQUIVALENTS AND RESTRICTED CASH | <u>\$ 359,188,735</u> | <u>\$ 82,942,672</u> |

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

1. Overview and Basis of Presentation

(a) Description of Business

Green Thumb Industries Inc. (“**Green Thumb**” or the “**Company**”) a national cannabis consumer packaged goods company and retailer, promotes well-being through the power of cannabis while being committed to community and sustainable profitable growth. Green Thumb owns, manufactures, and distributes a portfolio of cannabis consumer packaged goods brands including Beboe, Dogwalkers, Dr. Solomon’s, incredible, Rythm and The Feel Collection, to third-party retail stores across the United States as well as to Green Thumb owned retail stores. The Company owns and operates retail cannabis stores that include a rapidly growing national chain named Rise™ Dispensaries, all of which sell our products and third-party products. As of June 30, 2021, Green Thumb has revenue in twelve markets (California, Colorado, Connecticut, Florida, Illinois, Maryland, Massachusetts, Nevada, New Jersey, New York, Ohio, and Pennsylvania), employs approximately 2,850 people and serves millions of patients and customers annually.

In addition to the states listed above, the Company also conducts pre-licensing activities in other markets. In these markets, the Company has either applied for licenses, or plans on applying for licenses, but does not currently own any cultivation, production or retail licenses.

The Company’s registered office is located at 250 Howe Street, 20th Floor, Vancouver, British Columbia, V6C 3R8. The Company’s U.S. headquarters are at 325 W. Huron St., Suite 700, Chicago, IL 60654.

(b) Basis of Presentation

The accompanying unaudited interim condensed consolidated financial statements include the accounts of Green Thumb Industries Inc. and have been prepared in accordance with accounting principles generally accepted in the United States (“**GAAP**”) for interim financial information and in accordance with the rules and regulations of the U.S. Securities & Exchange Commission (“**SEC**”). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements and, accordingly, certain information, footnotes and disclosures normally included in the annual financial statements, prepared in accordance with GAAP, have been condensed or omitted in accordance with SEC rules and regulations. The financial data presented herein should be read in conjunction with the audited consolidated financial statements and accompanying notes included in the 2020 Form 10-K. In the opinion of management, the financial data presented includes all adjustments necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented. Results of interim periods should not be considered indicative of the results for the full year. These unaudited interim condensed consolidated financial statements include estimates and assumptions of management that affect the amounts reported in the unaudited condensed consolidated financial statements. Actual results could differ from these estimates.

The results of operations for the three and six months ended June 30, 2021 are not necessarily indicative of the results to be expected for the entire year ending December 31, 2021.

(c) Significant Accounting Policies

There have been no changes to the Company’s significant accounting policies as described in Note 2 of the Company’s 2020 annual report on Form 10-K.

(d) Earnings (Loss) per Share

Basic earnings (loss) per share is calculated using the treasury stock method, by dividing the net earnings (loss) attributable to shareholders by the weighted average number of common shares outstanding during each of the periods presented. Contingently issuable shares (including shares held in escrow) are not considered outstanding common shares and consequently are not included in the loss per share calculation. Diluted earnings per share is calculated using the treasury stock method by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Company has three categories of potentially dilutive common share equivalents: restricted stock units, stock options and warrants. As of June 30, 2021, the Company had 5,819,363 options, 391,736 restricted stock units and 3,644,085 warrants outstanding. As of June 30, 2020, the Company had 5,857,045 options, 906,173 restricted stock units and 2,526,735 warrants outstanding.

1. Overview and Basis of Presentation *(Continued)*

In order to determine diluted earnings per share, it is assumed that any proceeds from the exercise of dilutive unvested restricted stock units, stock options, and warrants would be used to repurchase common shares at the average market price during the period. Under the treasury stock method, the diluted earnings per share calculation excludes any potential conversion of stock options and convertible debt that would increase earnings per share or decrease loss per share. For the three months ended June 30, 2021, the computation of diluted earnings per share included 3,191,752 options, 234,042 restricted stock units and 1,093,739 warrants. For the six months ended June 30, 2021, the computation of diluted earnings per share included 3,279,087 options, 224,774 restricted stock units and 1,146,883 warrants. No potentially dilutive common share equivalents were included in the computation of diluted loss per share for the three and six months ended June 30, 2020 because their impact was anti-dilutive.

(e) Recently Adopted Accounting Standards

- (i) In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes, which is intended to simplify various aspects related to accounting for income taxes (“ASU 2019-12”). ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. The Company adopted ASU 2019-12 on January 1, 2021. The adoption of the standard did not have a material impact on the Company’s unaudited interim condensed consolidated financial statements.
- (ii) In January 2020, the FASB issued ASU 2020-01, Investments - Equity Securities (Topic 321), Investments - Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) (“ASU 2020-01”), which is intended to clarify the interaction of the accounting for equity securities under Topic 321 and investments accounted for under the equity method of accounting in Topic 323 and the accounting for certain forward contracts and purchased options accounted for under Topic 815. The Company adopted ASU 2020-01 on January 1, 2021. The adoption of the standard did not have a material impact on the Company’s unaudited interim condensed consolidated financial statements.

(f) Recently Issued Accounting Standards

- (i) On August 5, 2020, the FASB issued ASU No. 2020-06, Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity’s Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity’s Own Equity, to improve financial reporting associated with accounting for convertible instruments and contracts in an entity’s own equity. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. We do not expect the adoption of this guidance will have a material impact on the Company’s unaudited interim condensed consolidated financial statements.

(g) Coronavirus Pandemic

In March 2020, the World Health Organization categorized coronavirus disease 2019 (together with its variants, “COVID-19”) as a pandemic. COVID-19 continues to spread throughout the U.S. and other countries across the world, and the duration and severity of its effects are currently unknown. The Company continues to implement and evaluate actions to strengthen its financial position and support the continuity of its business and operations.

The Company’s unaudited interim condensed consolidated financial statements presented herein reflect estimates and assumptions made by management that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the unaudited interim condensed consolidated financial statements and reported amounts of revenue and expenses during the periods presented. Such estimates and assumptions affect, among other things, the Company’s goodwill; long-lived assets and intangible assets; operating lease right of use assets and operating lease liabilities; assessment of the annual effective tax rate; valuation of deferred income taxes; the allowance for doubtful accounts; assessment of the Company’s lease and non-lease contract expenses; and measurement of compensation cost for bonus and other compensation plans. While the Company’s revenue, gross profit and operating income were not impacted during the first six months of 2021, the uncertain nature of the spread of COVID-19 and the uncertainty of the impact of nationwide vaccine programs may impact the Company’s business operations for reasons including the potential quarantine of the Company’s employees or those of its supply chain partners, and the Company’s continued designation as an “essential” business in states where the Company does business that currently or in the future impose restrictions on its business operations.

Green Thumb Industries Inc.
Notes to Unaudited Interim Condensed Consolidated Financial Statements
(Amounts Expressed in United States Dollars, Except Where Stated Otherwise)

2. INVENTORIES

The Company's inventories include the following at June 30, 2021 and December 31, 2020:

| | June 30, 2021 | December 31, 2020 |
|--------------------------------|----------------------|----------------------|
| Raw Material | \$ 8,630,042 | \$ 6,372,659 |
| Packaging and Miscellaneous | 7,687,302 | 8,592,153 |
| Work in Process | 31,560,037 | 25,488,806 |
| Finished Goods | 34,951,236 | 30,821,392 |
| Reserve for Obsolete Inventory | (1,102,390) | (1,732,057) |
| Total Inventories | \$ 81,726,227 | \$ 69,542,953 |

3. PROPERTY AND EQUIPMENT

At June 30, 2021 and December 31, 2020, property and equipment consisted of the following:

| | June 30, 2021 | December 31, 2020 |
|-------------------------------------|-----------------------|-----------------------|
| Buildings and Improvements | \$ 53,231,046 | \$ 51,557,405 |
| Equipment, Computers and Furniture | 61,635,098 | 49,097,109 |
| Leasehold Improvements | 103,233,931 | 88,607,252 |
| Capitalized Interest | 3,774,589 | 2,988,681 |
| Total Property and Equipment | 221,874,664 | 192,250,447 |
| Less: Accumulated Depreciation | (33,298,775) | (24,192,900) |
| Property and Equipment, net | 188,575,889 | 168,057,547 |
| Land | 5,510,945 | 2,879,376 |
| Assets Under Construction | 47,373,375 | 18,988,954 |
| Property and equipment, net | \$ 241,460,209 | \$ 189,925,877 |

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

Depreciation expense for the three and six months ended June 30, 2021 totaled \$5,253,672 and \$10,020,023, respectively of which \$3,212,413 and \$6,091,642, respectively, is included in cost of goods sold. Depreciation expense for the three and six months ended June 30, 2020 totaled \$5,402,980 and \$9,189,985, respectively of which \$2,582,435 and \$5,260,162, respectively, is included in cost of goods sold.

4. ACQUISITIONS

The Company has determined that the below acquisitions are business combinations under Accounting Standards Codification ("ASC") 805, *Business Combinations*. They are accounted for by applying the acquisition method, whereby the assets acquired and the liabilities assumed are recorded at their fair values with any excess of the aggregate consideration over the fair values of the identifiable net assets allocated to goodwill. Operating results have been included in these consolidated financial statements from the date of the acquisition. Supplemental pro forma financial information has not been presented as the impact was not material to the Company's consolidated financial statements. The goodwill recorded primarily includes the expected synergies resulting from combining the operations of the acquired entity with those of the Company.

(a) 2021 Business Acquisitions

(i) Acquisition of Liberty Compassion Inc.

On June 1, 2021, the Company acquired 100% of the ownership interests of Liberty Compassion Inc. ("**Liberty**"), a Massachusetts-based medical cannabis cultivator and retailer, for the purposes of expanding the Company's operational capacity in the Massachusetts market. The acquisition was an all stock transaction whereby consideration was satisfied through the issuance of 2,146,565 Subordinate Voting Shares (including 259,765 deferred shares) valued at approximately \$64.6 million, based on the fair value of the securities on their date of issuance, which was the closing price of Green Thumb's Subordinate Voting Shares as traded on the CSE on the date of the transaction.

The Company completed a preliminary allocation of the purchase price of the assets acquired and liabilities assumed. The preliminary valuation was based on management's estimates and assumptions which are subject to change within the purchase price allocation period (generally one year from the acquisition date). The primary areas of the purchase price allocation that are not yet finalized relate to the valuation of the tangible and intangible assets acquired and the residual goodwill. Acquisition related costs associated with the transaction were not material. The following table summarizes the initial accounting estimates:

| | Liberty Compassion, Inc. |
|---------------------------------|-----------------------------|
| Cash | \$ 233,227 |
| Inventory | 1,809,828 |
| Accounts receivable | 502,767 |
| Prepaid expenses | 118,027 |
| Property and equipment, net | 3,712,829 |
| Right-of-use asset, net | 12,267,252 |
| Deposits and other assets | 350,000 |
| Intangible assets, net: | |
| Licenses and permits | 25,342,457 |
| Liabilities assumed | (1,093,460) |
| Lease liabilities | (12,267,252) |
| Deferred income tax liabilities | (6,550,000) |
| Total identifiable net assets | 24,425,675 |
| Goodwill (non-tax deductible) | 40,143,000 |
| Net assets | <u>\$ 64,568,675</u> |

Green Thumb Industries Inc.
Notes to Unaudited Interim Condensed Consolidated Financial Statements
(Amounts Expressed in United States Dollars, Except Where Stated Otherwise)

5. INTANGIBLE ASSETS AND GOODWILL

Intangible Assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of definite life intangibles is provided on a straight-line basis over their estimated useful lives. The estimated useful lives, residual values, and amortization methods are reviewed at each year end, and any changes in estimates are accounted for prospectively.

At June 30, 2021 and December 31, 2020, intangible assets consisted of the following:

| | June 30, 2021 | | | December 31, 2020 | | |
|--------------------------------|-----------------------|--------------------------|-----------------------|-----------------------|--------------------------|-----------------------|
| | Gross Carrying Amount | Accumulated Amortization | Net Book Value | Gross Carrying Amount | Accumulated Amortization | Net Book Value |
| Licenses and Permits | \$ 366,784,694 | \$ 52,495,559 | \$ 314,289,135 | \$ 343,135,736 | \$ 41,993,595 | \$ 301,142,141 |
| Trademarks | 98,935,601 | 19,259,650 | 79,675,951 | 99,295,599 | 13,455,178 | 85,840,421 |
| Customer Relationships | 24,438,000 | 8,199,097 | 16,238,903 | 25,258,000 | 7,583,005 | 17,674,995 |
| Non-Competition Agreements | 2,565,000 | 1,230,889 | 1,334,111 | 2,585,480 | 1,001,003 | 1,584,477 |
| Total Intangible Assets | \$ 492,723,295 | \$ 81,185,195 | \$ 411,538,100 | \$ 470,274,815 | \$ 64,032,781 | \$ 406,242,034 |

The Company recorded amortization expense for the three and six months ended June 30, 2021 of \$9,819,320 and \$20,046,391, respectively. The Company recorded amortization expense for the three and six months ended June 30, 2020 of \$8,836,933 and \$17,755,100, respectively.

The following table outlines the estimated annual amortization expense related to intangible assets as of June 30, 2021:

| Year Ending December 31, | Estimated Amortization |
|--------------------------|------------------------|
| Remainder of 2021 | \$ 19,473,991 |
| 2022 | 40,173,612 |
| 2023 | 40,170,835 |
| 2024 | 39,589,501 |
| 2025 | 39,491,835 |
| Thereafter | 232,638,326 |
| | \$ 411,538,100 |

As of June 30, 2021, the weighted average amortization period remaining for intangible assets was 11.74 years.

Goodwill

At June 30, 2021 and December 31, 2020 the balances of goodwill, by segment, consisted of the following:

| | December 31, 2020 | | Acquisition of Liberty Compassion Inc. | June 30, 2021 | |
|------------------------|-----------------------|----------------------|---|----------------|--|
| | Retail | \$ 130,680,935 | \$ 8,028,600 | \$ 138,709,535 | |
| Consumer Package Goods | 252,016,532 | 32,114,400 | 284,130,932 | | |
| Total Goodwill | \$ 382,697,467 | \$ 40,143,000 | \$ 422,840,467 | | |

Green Thumb Industries Inc.
Notes to Unaudited Interim Condensed Consolidated Financial Statements
(Amounts Expressed in United States Dollars, Except Where Stated Otherwise)

6. INVESTMENTS

As of June 30, 2021 and December 31, 2020, the Company held various equity interests in privately held cannabis companies as well as investments in convertible notes which had a combined fair value of \$41,725,403 and \$40,794,806 as of each period end, respectively. The Company measures its investments that do not have readily determinable fair value, at cost minus impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The Company performs an assessment on a quarterly basis to determine whether triggering events for impairment exist and to identify any observable price changes.

The following table summarizes the change in the Company's investments during the six months ended June 30, 2021 and year ending December 31, 2020:

| | June 30, 2021 | December 31, 2020 |
|-----------------------|----------------------|--------------------------|
| Beginning | \$ 40,794,806 | \$ 14,068,821 |
| Additions | 18,135,615 | 525,000 |
| Disposals | (18,417,089) | (169,818) |
| Fair value adjustment | 18,754,321 | 26,370,803 |
| Transfers out | (17,542,250) | — |
| Ending | <u>\$ 41,725,403</u> | <u>\$ 40,794,806</u> |

On January 15, 2021, the Company sold approximately half of its equity interest in a privately held entity for \$18,112,500 in cash. Subsequently, the privately held entity became publicly traded and Green Thumb recorded fair value adjustments on the equity interest of \$13,517,189 based on the trading price of the securities during each of the three and six months ended June 30, 2021. As of June 30, 2021 and December 31, 2020, the fair value of the equity interest was \$32,653,878 and \$37,249,189, respectively.

Separately, during the second quarter, the Company made an additional investment in a privately held entity in the amount of \$12,335,635, recorded fair value adjustments of \$4,110,378 and obtained representation on the entity's board of directors. Given Green Thumb's cumulative ownership interest and representation on the entity's board of directors, it was determined that the Company could exert significant influence over the entity. As of June 30, 2021, the Company reclassified its investment in the privately held entity to investment in associates on the unaudited interim condensed consolidated balance sheets and began accounting for the investment as an equity method investment.

Unrealized gains and (losses) recognized on equity investments held during the three and six months ended June 30, 2021 and 2020 were \$18,351,672 and \$18,733,067 and \$198,572 and \$(17,035), respectively.

Green Thumb Industries Inc.
Notes to Unaudited Interim Condensed Consolidated Financial Statements
(Amounts Expressed in United States Dollars, Except Where Stated Otherwise)

7. LEASES

(a) Operating Leases

The Company has operating leases for certain Rise, Essence and other retail dispensaries as well as many of the Company's processing and cultivation facilities located throughout the US. Additionally, the Company has an operating lease for corporate office space in Illinois. Operating lease right-of-use assets and operating lease liabilities are recognized based on the present value of future minimum lease payments over the lease term at commencement date.

All real estate leases are recorded on the balance sheet. Equipment and other non-real estate leases with an initial term of twelve months or less are not recorded on the balance sheet. Lease agreements for some locations provide for rent escalations and renewal options. Certain real estate leases require payment for taxes, insurance and maintenance which are considered non-lease components. The Company accounts for real estate leases and the related fixed non-lease components together as a single component.

The Company determines if an arrangement is a lease at inception. The Company must consider whether the contract conveys the right to control the use of an identified asset. Certain arrangements require significant judgment to determine if an asset is specified in the contract and if the Company directs how and for what purpose the asset is used during the term of the contract. For the three and six months ended June 30, 2021 the company recorded operating lease expense of \$8,276,399 and \$16,027,698 compared to operating lease expense of \$8,173,125 and \$12,430,640 for the three and six months ended June 30, 2020.

Other information related to operating leases as of and for the six months ended June 30, 2021 and year ending December 31, 2020 were as follows:

| | June 30, 2021 | December 31, 2020 |
|---|---------------|-------------------|
| Weighted average remaining lease term (years) | 11.95 | 12.10 |
| Weighted average discount rate | 13.97 % | 13.70 % |

Maturities of lease liabilities for operating leases as of June 30, 2021 were as follows:

| Year Ending December 31, | Maturities of Lease Liability | | |
|---|-------------------------------|-------------------|-----------------------|
| | Third Party | Related Party | Total |
| Remainder of 2021 | \$ 14,431,765 | \$ 658,811 | \$ 15,090,576 |
| 2022 | 29,923,298 | 749,125 | 30,672,423 |
| 2023 | 30,454,945 | 197,328 | 30,652,273 |
| 2024 | 29,722,890 | 305,087 | 30,027,977 |
| 2025 | 27,470,590 | 322,874 | 27,793,464 |
| 2026 and Thereafter | 277,789,291 | 178,713 | 277,968,004 |
| Total Lease Payments | 409,792,779 | 2,411,937 | 412,204,716 |
| Less: Interest | (238,783,784) | (1,421,187) | (240,204,971) |
| Present Value of Lease Liability | \$ 171,008,995 | \$ 990,750 | \$ 171,999,745 |

(b) Related Party Operating Leases

The Company entered into related party transactions with respect to its leasing arrangements for certain facilities in Florida, Maryland, Massachusetts and Nevada. Wendy Berger, a director of the Company, is a principal of WBS Equities, LLC, which is the Manager of Mosaic Real Estate, LLC, and owns certain facilities leased by the Company. Additionally, Mosaic Real Estate, LLC is indirectly owned in part by Ms. Berger (through the Wendy Berger 1998 Revocable Trust), Benjamin Kovler, the Chief Executive Officer and a director of the Company (through KP Capital, LLC), and Anthony Georgiadis, the Chief Financial Officer and a director of the Company (through Three One Four Holdings, LLC). The terms of these leases range from 7 years to 15 years. For the three and six months ended June 30, 2021, the Company recorded lease expense of \$300,229 and \$595,432, respectively, associated with these leasing arrangements. For the three and six months ended June 30, 2020, the Company recorded lease expense of \$386,787 and \$734,323, respectively associated with these leases.

Green Thumb Industries Inc.
Notes to Unaudited Interim Condensed Consolidated Financial Statements
(Amounts Expressed in United States Dollars, Except Where Stated Otherwise)

8. NOTES PAYABLE

At June 30, 2021 and December 31, 2020, notes payable consisted of the following:

| | June 30, 2021 | December 31, 2020 |
|--|-----------------------|----------------------|
| Charitable Contributions ¹ | \$ 1,331,053 | \$ 717,430 |
| Private placement debt dated May 22, 2019 ² | — | 94,955,094 |
| Private placement debt dated April 30, 2021 ³ | 192,975,932 | — |
| Mortgage notes ⁴ | 3,310,861 | 3,382,455 |
| Total notes payable | 197,617,846 | 99,054,979 |
| Less: current portion of notes payable | (581,436) | (341,983) |
| Notes payable, net of current portion | \$ 197,036,410 | \$ 98,712,996 |

¹ In connection with acquisitions completed in 2017 and 2019, the Company is required to make quarterly charitable contributions of \$50,000 through October 2024 and \$200,000 per year through May 2024, respectively. The net present value of these required payments has been recorded as a liability with interest rates ranging between 2.17% - 7.00%

² On May 22, 2019, the Company issued private placement debt in an original amount of \$105,466,429 with an interest rate of 12.00%, maturing on May 22 2023. The debt was issued at a discount, the carrying value of which was \$9,045,187 and \$10,511,335 as of April 30, 2021, just prior to repayment, and December 31, 2020, respectively.

³ The April 30, 2021 private placement debt was issued in an original amount of \$216,734,258 with an interest rate of 7.00%, maturing on April 30, 2024. The debt was issued at a discount, the carrying value of which was \$23,758,326 as of June 30, 2021.

⁴ Mortgage notes, in the original amount of \$3,607,000 were issued by the Company in connection with various Retail dispensaries. These mortgage notes mature between August 20, 2025 and June 5, 2035 and were issued at a discount, the carrying value of which was \$168,181 and \$174,223, and are presented net of principal payments of \$127,958 and \$50,322 as of June 30, 2021 and December 31, 2020, respectively.

(a) April 30, 2021 Private Placement Financing

On April 30, 2021, the Company closed a \$216,734,258 Senior Secured non-brokered private placement financing through the issuance of senior secured notes (the “**Notes**”). The Company used the proceeds to retire the Company’s existing \$105,466,429, senior secured notes due May 22 2023 and the remaining proceeds for general working capital purposes as well as various growth initiatives. The Notes have a maturity date of April 30, 2024 and bear interest from the date of issue of 7.00% per annum, payable quarterly, with an option, at the discretion of the Company, to extend for an additional 12 months. The financing permits the Company to borrow an additional \$33,265,742 over the next twelve months. The purchasers of the Notes also received 1,459,044 warrants (the “**Warrants**”) which allow the holder to purchase one Subordinate Voting Share at an exercise price of \$32.68 per share, for a period of 60 months from the date of issue.

The refinancing of the Notes involved multiple lenders who were considered members of a loan syndicate. In determining whether the refinancing of the Notes should be accounted for as a debt extinguishment or a debt modification, the Company considered whether, prior to and following the refinancing, creditors remained the same or changed, and whether the changes in debt terms were substantial. A change in the terms of the Notes was considered to be substantial if the present value of the remaining cash flows under the April 30, 2021 Notes were at least 10% different from the present value of the remaining cash flows under the May 22, 2019 Notes (commonly referred to as the “**10% Test**”). The Company performed a separate 10% Test for each individual lender participating in the loan syndication. Of the 30 lenders who participated in the original financing of the May 22, 2019 Notes, 18 were accounted for as a debt extinguishment, while 12 were treated as a modification. Additionally, 9 new lenders joined the loan syndicate.

(b) Related Parties

The Notes are held by related parties as well as unrelated third-party lenders at a percentage of approximately 1% and 99%, respectively. The related parties consist of Benjamin Kovler, the Chief Executive Officer and a director of the Company (held through KP Capital, LLC and Outsiders Capital, LLC); Andrew Grossman, the Executive Vice President of Capital Markets of the Company (held through AG Funding Group, LLC); Anthony Georgiadis, the Chief Financial Officer and a director of the Corporation (held through Three One Four Holdings, LLC); and Anthony Georgiadis and William Gruver, a director of the Corporation (held through ABG, LLC).

Green Thumb Industries Inc.
Notes to Unaudited Interim Condensed Consolidated Financial Statements
(Amounts Expressed in United States Dollars, Except Where Stated Otherwise)

9. WARRANTS

As part of the Company's private placement financing as well as other financing arrangements, the Company issued warrants to related parties, as well as unrelated third parties, which allow the holders to purchase Subordinate Voting Shares at an exercise price determined at the time of issuance.

The following table summarizes the number warrants outstanding as of June 30, 2021 and December 31, 2020:

| | Liability Classified | | | Equity Classified | | |
|---------------------------------|----------------------|---------------------------------------|---|-------------------|---------------------------------------|---|
| | Number of Shares | Weighted Average Exercise Price (C\$) | Weighted Average Remaining Contractual Life | Number of Shares | Weighted Average Exercise Price (USD) | Weighted Average Remaining Contractual Life |
| Balance as at December 31, 2020 | 2,485,794 | C\$ 18.45 | 3.40 | 35,000 | \$ 9.10 | 3.93 |
| Warrants Issued | — | — | — | 1,459,044 | 32.68 | 4.84 |
| Warrants Exercised | (226,271) | 18.01 | 3.01 | — | — | — |
| Warrants Expired | (109,482) | 22.90 | 1.28 | — | — | — |
| Balance as at June 30, 2021 | 2,150,041 | C\$ 18.27 | 2.92 | 1,494,044 | \$ 32.13 | 4.81 |

(a) Liability Classified Warrants Outstanding

The following table summarizes the fair value of the liability classified warrants at June 30, 2021 and December 31, 2020:

| Warrant Liability | Strike Price | Warrants Outstanding | Fair Value | | |
|--------------------------------------|--------------|----------------------|----------------------|----------------------|---------------------|
| | | | June 30, 2021 | December 31, 2020 | Change |
| Bridge Financing Warrants | C\$22.90 | 109,482 | \$ 1,789,250 | \$ 2,544,500 | \$ (755,250) |
| Private Placement Financing Warrants | C\$19.39 | 1,641,301 | 35,613,000 | 28,756,500 | 6,856,500 |
| Modification Warrants | C\$12.04 | 323,910 | 8,198,500 | 6,630,000 | 1,568,500 |
| Additional Modification Warrants | C\$14.03 | 75,348 | 1,864,000 | 1,523,000 | 341,000 |
| Totals | | 2,150,041 | \$ 47,464,750 | \$ 39,454,000 | \$ 8,010,750 |

During the three and six months ended June 30, 2021 and 2020, the Company recorded a loss of \$2,160,079 and \$8,010,750, and a loss of \$6,262,500 and a gain of \$1,120,343, respectively, on the change in the fair value of the warrant liability within other income (expense) on the unaudited interim condensed consolidated statements of operations.

The following table summarizes the significant assumptions used in determining the fair value of the warrant liability as of each reporting date (see Note 14 - Fair Value Measurements for additional details):

| Significant Assumptions | June 30, 2021 | December 31, 2020 |
|-------------------------|-------------------|-------------------|
| Volatility | 62.80% - 77.17% | 72.19% - 79.10% |
| Remaining Term | 1.28 - 3.89 years | 1.78 - 4.39 years |
| Risk Free Rate | 0.44% - 0.79% | 0.20% - 0.28% |

9. WARRANTS (Continued)

(b) Equity Classified Warrants Outstanding

The following table summarizes the fair value of the equity classified warrants at June 30, 2021 and December 31, 2020:

| <i>Warrants Included in Contributed Surplus</i> | Strike Price | Warrants Outstanding | Fair Value | |
|---|--------------|-------------------------|----------------------|----------------------|
| | | | June 30, 2021 | December 31, 2020 |
| Dispensary Mortgage Warrants | \$ 9.10 | 35,000 | \$ 181,272 | \$ 181,272 |
| Private Placement Refinancing Warrants | \$ 32.68 | 1,459,044 | 22,258,608 | — |
| Totals | | 1,494,044 | \$ 22,439,880 | \$ 181,272 |

The equity warrants were valued as of the date of issuance using a Black Scholes Option Pricing model. The following table summarizes the significant assumptions used in determining the fair value of the warrants as of each respective issuance date:

| <i>Significant Assumptions</i> | Private Placement Refinancing Warrants | Dispensary Mortgage Warrants |
|--------------------------------|--|---------------------------------|
| Date of Issuance | April 30, 2021 | June 5, 2020 |
| Volatility | 73% | 80% |
| Estimated Term | 4 years | 5 years |
| Risk Free Rate | 0.74% | 0.37% |

10. SHARE CAPITAL

Common shares, which include the Company's Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares, are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. The proceeds from the exercise of stock options or warrants together with amounts previously recorded in reserves over the vesting periods are recorded as share capital. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with ASC 740, *Income Taxes*.

(a) Authorized

The Company has the following classes of share capital, with each class having no par value:

(i) Subordinate Voting Shares

The holders of the Subordinate Voting Shares are entitled to receive dividends which may be declared from time to time and are entitled to one vote per share at meetings of the Company's shareholders. All Subordinate Voting Shares are ranked equally with regard to the Company's residual assets. The Company is authorized to issue an unlimited number of no par value Subordinate Voting Shares. During the six months ended June 30, 2021, the shareholders of the Company converted 635 Multiple Voting Shares into 63,500 Subordinate Voting Shares and 11,000 Super Voting Shares into 1,100,000 Subordinate Voting Shares.

(ii) Multiple Voting Shares

Each Multiple Voting Share is entitled to 100 votes per share at shareholder meetings of the Company and is exchangeable for 100 Subordinate Voting Shares. At June 30, 2021, the Company had 39,654 issued and outstanding Multiple Voting Shares, which convert into 3,965,400 Subordinate Voting Shares. The Company is authorized to issue an unlimited number of Multiple Voting Shares. During the six months ended June 30, 2021, the shareholders of the Company converted 635 Multiple Voting Shares into 63,500 Subordinate Voting Shares.

(iii) Super Voting Shares

Each Super Voting Share is entitled to 1,000 votes per share at shareholder meetings of the Company and is exchangeable for 100 Subordinate Voting Shares or one Multiple Voting Share. At June 30, 2021, the Company had 301,031 issued and outstanding Super Voting Shares which convert into 30,103,100 Subordinate Voting Shares. The Company is authorized to issue an unlimited number of Super Voting Shares. During the six months ended June 30, 2021, the shareholders of the Company converted 11,000 Super Voting Shares into 1,100,000 Subordinate Voting Shares.

(b) Issued and Outstanding

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

| | Issued and Outstanding | | |
|--|---------------------------------|------------------------------|---------------------------|
| | Subordinate Voting Shares | Multiple Voting Shares | Super Voting Shares |
| As at December 31, 2020 | 178,113,221 | 40,289 | 312,031 |
| Issuance of common shares pursuant to S-1 | 4,693,991 | — | — |
| Issuance of shares under business combinations and investments | 1,917,214 | — | — |
| Distribution of contingent consideration | 412,744 | — | — |
| Distribution of deferred shares | 146,315 | — | — |
| Issuance of shares upon exercise of options and warrants | 783,415 | — | — |
| Issuances of shares upon vesting of RSUs | 307,768 | — | — |
| Shares issued in association with notes payable | 8,514 | — | — |
| Shares issued for settlement of business dispute | 240,000 | — | — |
| Exchange of shares | 1,163,500 | (635) | (11,000) |
| As at June 30, 2021 | 187,786,682 | 39,654 | 301,031 |

10. SHARE CAPITAL

(b) Issued and Outstanding *(Continued)*

(i) Issuance of Shares Under Business Combinations and Investments

GTI New Jersey, LLC

In connection with the Company's April 23, 2019 acquisition of the non-controlling interest in GTI New Jersey, LLC, the Company agreed to award the previous minority shareholders of the entity up to \$3,000,000 in Subordinate Voting Shares. On May 7, 2020, the Company received approval from the New Jersey Department of Health to begin buildout of an additional retail dispensary. As of that date, the Company recorded a current obligation of \$2,000,000 representing the maximum value of the shares to be issuable to the former minority shareholders of GTI New Jersey, LLC. On March 15, 2021, one of the retail dispensaries, located in Paramus, New Jersey, was successfully opened. As a result, the Company issued 30,414 Subordinate Voting Shares to the former minority shareholders of GTI New Jersey, LLC. The shares had a fair value of \$1,038,307 on the date of issuance. As of June 30, 2021, and December 31, 2020, the Company carried an obligation of \$1,000,000 and \$2,000,000, respectively, associated with the retail dispensary agreement with the former minority shareholders of GTI New Jersey, LLC.

(ii) Distribution of Contingent Consideration

Integral Associates, LLC

In connection with the Company's 2019 acquisition of Integral Associates, LLC, the purchase agreement included contingent consideration which was dependent upon the awarding of conditional and final dispensary operating licenses. On March 22, 2021, the Company issued 412,744 Subordinate Voting Shares to the former owners of Integral Associates, LLC in connection with the awarding of a final retail dispensary license located in Pasadena, California. The shares had a fair value of \$12,672,681 at the date of issuance and resulted in a loss of \$8,172,681 which was recorded in other income (expense) in the unaudited interim condensed consolidated statement of operations. In addition, the Company determined that there is a remote likelihood that the Company will obtain retail dispensary operating licenses in either West Hollywood or Culver City, California, under commercially reasonable terms. Consequently, the Company remeasured the contingent liability associated with these milestones which resulted in a reduction to the contingent liability of \$7,750,000 with a corresponding reduction to other income (expense) in the unaudited interim condensed consolidated statement of operations.

As of June 30, 2021 and December 31, 2020, the estimated fair value of the contingent consideration associated with the acquisition of Integral Associates, LLC, which was valued using a probability weighting of the potential payouts, was \$14,850,000 and \$27,100,000, respectively of which \$4,950,000, in each period, was recorded as a non-current liability.

(iii) Distribution of Deferred Shares

For Success Holding Company

As part of the consideration exchanged in the Company's 2019 acquisition of For Success Holding Company, deferred shares were held back for a period of twenty-four months from the close of the transaction. On February 22, 2021, the Company issued 146,315 Subordinate Voting Shares with a value of \$1,825,597 in connection with the Company's 2019 acquisition of For Success Holding Company. The issuance of the deferred shares represented the final payout to the former owners of For Success Holding Company and resulted in the cancellation of 780 shares valued at \$9,732 representing certain reimbursable costs incurred by the Company.

10. SHARE CAPITAL (Continued)

(b) Issued and Outstanding (Continued)

(iv) Issuance of Registered Shares Pursuant to S-1

On February 8, 2021, the SEC declared effective the Company's Registration Statement No. 333-248213 on Form S-1 filed on February 2, 2021. Shortly thereafter, the Company received an offer from a single institutional investor to purchase 3,122,074 of the Subordinate Voting Shares registered on the Form S-1 at a price of \$32.03 per share for a total of \$100,000,030. The transaction closed on February 9, 2021. On February 23, 2021, the Company accepted additional offers to purchase a total of 1,571,917 Subordinate Voting Shares at a price of \$35.50 per share, for a total of \$55,803,054. The Company intends to use the net proceeds from the sale of securities for general corporate purposes, which may include capital expenditures, working capital and general and administrative expenses. The Company may also use a portion of the net proceeds to acquire or invest in business and products that are complimentary to the Company's own business and products. Additionally, the Company incurred legal, audit and other professional fees of \$304,944 associated the issuance of the registered shares. Such fees have been recorded within contributed surplus (deficit) within the Company's unaudited interim condensed consolidated statement of shareholders' equity.

(c) Stock-Based Compensation

The Company operates equity settled stock-based remuneration plans for its eligible directors, officers, employees and consultants. All goods and services received in exchange for the grant of any stock-based payments are measured at their fair value unless the fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods and services received, the Company measures their value indirectly by reference to the fair value of the equity instruments granted. For transactions with employees and others providing similar services, the Company measures the fair value of the services by reference to the fair value of the equity instruments granted. Equity settled stock-based payments under stock-based payment plans are ultimately recognized as an expense in profit or loss with a corresponding credit to equity.

In June 2018, the Company established the Green Thumb Industries Inc. 2018 Stock and Incentive Plan, which was amended by Amendment No. 1 thereto (as amended, the "**Plan**"). The maximum number of Restricted Stock Units ("**RSUs**") and options issued under the Plan shall not exceed 10% of the issued and outstanding shares on an as-converted basis.

The Company recognizes compensation expense for RSUs and options on a straight-line basis over the requisite service period of the award. Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from the previous estimate. Any cumulative adjustment prior to vesting is recognized in the current period with no adjustment to prior periods for expense previously recognized.

Option and RSU grants generally vest over three years, and options typically have a life of five or ten years. Option grants are determined by the Compensation Committee of the Company's Board of Directors with the option price set at no less than 100% of the fair market value of a share on the date of grant.

Stock option activity is summarized as follows:

| | Number of Shares | Weighted Average Exercise Price C\$ | Weighted Average Remaining Contractual Life | Aggregate Intrinsic Value |
|---------------------------------|------------------|--|---|------------------------------|
| Balance as at December 31, 2020 | 5,664,406 | 11.91 | 4.39 | \$ 85,408,034 |
| Granted | 1,095,544 | 37.32 | 4.66 | |
| Exercised | (557,144) | 13.13 | | 10,968,914 |
| Forfeited | (383,443) | 12.59 | | |
| Balance as at June 30, 2021 | 5,819,363 | 16.53 | 4.05 | \$ 114,062,498 |
| Vested | 2,635,677 | 12.72 | | |
| Exercisable at June 30, 2021 | 1,852,007 | 12.42 | 4.01 | \$ 42,582,624 |

10. SHARE CAPITAL *(Continued)*

(c) Stock-Based Compensation *(Continued)*

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the Company's closing stock price on June 30, 2021 and December 31, 2020, respectively, and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their in-the-money options on June 30, 2021 and December 31, 2020. This amount will change in future periods based on the fair market value of the Company's Subordinate Voting Shares and the number of options outstanding.

The following table summarizes the weighted average grant date fair value and intrinsic value of options exercised for the six months ended June 30, 2021 and 2020:

| | Six Months Ended June 30, | | | |
|---|---------------------------|------------|------|--------|
| | 2021 | | 2020 | |
| Weighted average grant date fair value (per share) of stock option units granted (C\$) | C\$ | 14.80 | C\$ | 4.41 |
| Intrinsic value of stock option units exercised, using market price at vest date (US\$) | \$ | 10,968,914 | \$ | 24,293 |

The Company used the Black-Scholes option pricing model to estimate the fair value of the options granted during the six months ended June 30, 2021 and the year ended December 31, 2020, using the following ranges of assumptions:

| | June 30, 2021 | December 31, 2020 |
|-------------------------|------------------|----------------------|
| Risk-free interest rate | 0.33% - 0.74% | 0.31% - 1.37% |
| Expected dividend yield | 0% | 0% |
| Expected volatility | 73% | 80% |
| Expected option life | 3 - 3.5 years | 3 - 5 years |

As permitted under ASC 718, the Company has made an accounting policy choice to account for forfeitures when they occur.

The following table summarizes the number of non-vested RSU awards as of June 30, 2021 and December 31, 2020 and the changes during the six months ended June 30, 2021:

| | Number of Shares | Weighted Average Grant Date Fair Value (C\$) |
|---------------------------------------|------------------|--|
| Nonvested Shares at December 31, 2020 | 689,340 | 16.77 |
| Granted | 89,666 | 38.37 |
| Forfeited | (79,502) | 14.99 |
| Vested | (307,768) | 21.39 |
| Nonvested Shares at June 30, 2021 | 391,736 | 18.55 |

The following table summarizes the weighted average grant date fair value and total fair value of RSUs vested for the six months ended June 30, 2021 and 2020:

| | Six Months Ended June 30, | | | |
|--|---------------------------|-----------|------|---------|
| | 2021 | | 2020 | |
| Weighted average grant date fair value (per share) of granted (C\$) | C\$ | 38.37 | C\$ | 10.87 |
| Intrinsic value of RSUs vested, using market price at vest date (US\$) | \$ | 9,254,928 | \$ | 650,463 |

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10. SHARE CAPITAL *(Continued)*

(c) Stock-Based Compensation *(Continued)*

The stock-based compensation expense for the three and six months ended June 30, 2021 and 2020 was as follows:

| | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|---|-------------------------------------|---------------------|-----------------------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Stock options expense | \$ 3,709,080 | \$ 2,904,127 | \$ 6,337,938 | \$ 5,595,284 |
| Restricted Stock Units | 1,963,603 | 2,796,017 | 3,365,400 | 5,178,602 |
| Total Stock Based Compensation Expense | \$ 5,672,683 | \$ 5,700,144 | \$ 9,703,338 | \$ 10,773,886 |

As of June 30, 2021, \$28,327,907 of total unrecognized expense related to stock-based compensation awards is expected to be recognized over a weighted-average period of 2.05 years.

11. INCOME TAXES

The following table summarizes the Company's income tax expense and effective tax rates for the three and six months ended June 30, 2021 and 2020:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|----------------------------|-----------------------------|--------------|---------------------------|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| Income before Income Taxes | \$ 53,301,523 | \$ 3,614,778 | \$ 95,612,669 | \$ 13,000,218 |
| Income Tax Expense | 30,026,732 | 15,378,715 | 60,882,910 | 28,527,715 |
| Effective Tax Rate | 56.3% | 425.4% | 63.7% | 219.4% |

The Company has computed its provision for income taxes under the discrete method which treats the year-to-date period as if it were the annual period and determines the income tax expense or benefit on that basis. The discrete method is applied when application of the estimated annual effective tax rate is impractical because it is not possible to reliably estimate the annual effective tax rate. We believe that, at this time, the use of this discrete method is more appropriate than the annual effective tax rate method as the estimated annual effective tax rate method is not reliable due to the high degree of uncertainty in estimating annual pre-tax income due to the early growth stage of the business.

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

The effective tax rate for the three and six months ended June 30, 2021 varies widely from the three and six months ended June 30, 2020, primarily due to the reduction in non deductible expenses as a proportion of total expenses in the current year. The Company incurs expenses that are not deductible due to IRC Section 280E limitations which results in significant income tax expense.

The Company is subject to income taxes in the United States and Canada. Significant judgment is required in evaluating the Company's uncertain tax positions and determining the provision for income taxes. The Company's gross unrecognized tax benefits were approximately \$16.8 million and \$10.3 million as of June 30, 2021 and December 31, 2020, respectively, recorded within Deferred Income Taxes.

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

Taxes paid during the six months ended June 30, 2021 and 2020 were \$75,454,693 and \$541,264, respectively.

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12. OTHER INCOME (EXPENSE)

For the three and six months ended June 30, 2021 and 2020 other income (expense) was comprised of the following:

| | For the Three Months Ended June | | For the Six Months Ended June | |
|--|---------------------------------|-----------------------|-------------------------------|---------------------|
| | 30, | | 30, | |
| | 2021 | 2020 | 2021 | 2020 |
| Fair value adjustments on equity investments | \$ 18,287,762 | \$ 198,572 | \$ 18,679,321 | \$ (17,035) |
| Loss on extinguishment of debt | (9,881,847) | — | (9,881,847) | — |
| Fair value adjustments on variable note receivable | — | (5,600) | — | (815,937) |
| Fair value adjustments on warrants issued | (2,160,079) | (6,262,500) | (8,010,750) | 1,120,343 |
| Fair value adjustments on contingent consideration | — | (188,555) | (412,949) | (17,565) |
| Earnings from equity method investments | 1,023,280 | 300,000 | 1,646,373 | 550,000 |
| Other | (438,839) | 240,656 | (339,688) | 248,877 |
| Total Other Income (expense) | \$ 6,830,277 | \$ (5,717,427) | \$ 1,680,460 | \$ 1,068,683 |

13. COMMITMENTS AND CONTINGENCIES

The Company is subject to lawsuits, investigations and other claims related to employment, commercial and other matters that arise out of operations in the normal course of business. Periodically, the Company reviews the status of each significant matter and assesses the potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable, and the amount can be reliably estimated, such amount is recognized in other liabilities.

Contingent liabilities are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. The Company performs evaluations to identify contingent liabilities for contracts. Contingent consideration is measured upon acquisition and is estimated using probability weighting of potential payouts. Subsequent changes in the estimated contingent consideration from the final purchase price allocation are recognized in the Company's unaudited interim condensed consolidated statement of operations.

(a) Contingencies

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, sanctions, restrictions on its operations, or losses of permits that could result in the Company ceasing operations in that specific state or local jurisdiction. While management believes that the Company is in compliance with applicable local and state regulations at June 30, 2021 and December 31, 2020, cannabis and other regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

(b) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. At June 30, 2021 and December 31, 2020, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's consolidated operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

(c) Construction Commitments

As of June 30, 2021, the Company held approximately \$48,510,000 of open construction commitments to contractors on work being performed.

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14. FAIR VALUE MEASUREMENTS

The Company applies fair value accounting for all financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Company considers all related factors of the asset by market participants in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions, and credit risk.

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels, and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

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.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, notes payable, warrant liability, and contingent consideration payable.

For the Company's long-term notes payable (which consist of charitable contributions, private placement debt and mortgage notes), for which there were no quoted market prices or active trading markets, it was not practicable to estimate the fair value of these financial instruments. The carrying amount of notes payable at June 30, 2021 and December 31, 2020 was \$197,617,846 and \$99,054,979, which includes \$581,436 and \$341,983, respectively, of short-term debt due within one year.

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 fair values of the Company's financial instruments associated with each of the three levels of the hierarchy are:

| | As of June 30, 2021 | | | |
|----------------------------------|-----------------------|-------------|------------------------|-----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Cash and Cash Equivalents | \$ 359,188,735 | \$ — | \$ — | \$ 359,188,735 |
| Investments | 33,667,924 | — | 8,057,479 | 41,725,403 |
| Contingent Consideration Payable | — | — | (14,850,000) | (14,850,000) |
| Warrant Liability | — | — | (47,464,750) | (47,464,750) |
| | <u>\$ 392,856,659</u> | <u>\$ —</u> | <u>\$ (54,257,271)</u> | <u>\$ 338,599,388</u> |

| | As of December 31, 2020 | | | |
|----------------------------------|-------------------------|-------------|------------------------|----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Cash and Cash Equivalents | \$ 83,757,785 | \$ — | \$ — | \$ 83,757,785 |
| Investments | 923,581 | — | 39,871,225 | 40,794,806 |
| Contingent Consideration Payable | — | — | (27,100,000) | (27,100,000) |
| Warrant Liability | — | — | (39,454,000) | (39,454,000) |
| | <u>\$ 84,681,366</u> | <u>\$ —</u> | <u>\$ (26,682,775)</u> | <u>\$ 57,998,591</u> |

As of December 31, 2020, the Company held an investment in a privately held entity that became a publicly traded company during the three months ended June 30, 2021. As a result, the Company received shares of the publicly traded entity in exchange for the shares in the privately held entity. The transaction resulted in a transfer of the investment from Level 3 to Level 1. As of June 30, 2021 and December 31, 2020 the fair value of the investment was \$32,653,878 and \$37,249,189, respectively.

There were no transfers between fair value levels during the six months ended June 30, 2020.

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15. VARIABLE INTEREST ENTITIES

The following table presents the summarized financial information about the Company's consolidated variable interest entities ("VIEs") which are included in the unaudited interim condensed consolidated balance sheet as of June 30, 2021 and the consolidated balance sheet as of December 31, 2020. All of these entities were determined to be VIEs as the Company possesses the power to direct activities through management services agreements ("MSAs"):

| | June 30, 2021 | | | December 31, 2020 | | |
|--|------------------------------|--------------------|-------------------------|------------------------------|--------------------|-------------------------|
| | Chesapeake Alternatives, LLC | Illinois Disp, LLC | Other Non-material VIEs | Chesapeake Alternatives, LLC | Illinois Disp, LLC | Other Non-material VIEs |
| Current assets | \$ — | \$ 5,048,014 | \$ 2,456,440 | \$ 32,307,718 | \$ 3,738,868 | \$ 2,362,572 |
| Non-current assets | — | 3,465,136 | 2,140,394 | 3,367,360 | 3,657,392 | 2,281,839 |
| Current liabilities | — | 1,194,653 | 425,822 | 23,362,255 | 336,970 | 1,563,224 |
| Non-current liabilities | — | 438,213 | 741,753 | 768,573 | 461,926 | 783,356 |
| Noncontrolling interests | — | 3,440,142 | 509,624 | — | 3,173,683 | 267,289 |
| Equity attributable to Green Thumb Industries Inc. | — | 3,440,142 | 2,919,635 | 11,544,250 | 3,173,683 | 2,030,542 |

On December 31, 2020, the MSA for Chesapeake Alternatives, LLC was amended and restated to make GTI Maryland, LLC, the sole member of the entity. As a result, the remaining equity associated with the noncontrolling interest was closed to share capital of Green Thumb as of December 31, 2020.

The Following tables presents the summarized financial information about the Company's VIEs which are included in the unaudited interim condensed consolidated statements of operations for the three and six months ended June 30, 2021 and 2020:

| | Three Months Ended | | | | | |
|--|------------------------------|--------------------|-------------------------|------------------------------|--------------------|-------------------------|
| | June 30, 2021 | | | June 30, 2020 | | |
| | Chesapeake Alternatives, LLC | Illinois Disp, LLC | Other Non-material VIEs | Chesapeake Alternatives, LLC | Illinois Disp, LLC | Other Non-material VIEs |
| Revenues | \$ — | \$ 6,216,536 | \$ 3,822,263 | \$ 4,799,732 | \$ 5,164,316 | \$ 2,370,069 |
| Net income attributable to noncontrolling interests | — | 858,411 | 364,389 | 139,386 | 909,302 | 96,880 |
| Net income attributable to Green Thumb Industries Inc. | — | 858,411 | 473,408 | 1,639,408 | 909,301 | 306,999 |
| Net income | \$ — | \$ 1,716,822 | \$ 837,797 | \$ 1,778,794 | \$ 1,818,603 | \$ 403,879 |

| | Six Months Ended | | | | | |
|--|------------------------------|--------------------|-------------------------|------------------------------|--------------------|-------------------------|
| | June 30, 2021 | | | June 30, 2020 | | |
| | Chesapeake Alternatives, LLC | Illinois Disp, LLC | Other Non-material VIEs | Chesapeake Alternatives, LLC | Illinois Disp, LLC | Other Non-material VIEs |
| Revenues | \$ — | \$ 11,943,810 | \$ 7,133,546 | \$ 9,108,361 | \$ 7,945,931 | \$ 4,082,719 |
| Net income attributable to noncontrolling interests | — | 1,641,459 | 667,643 | 180,795 | 1,273,418 | 134,059 |
| Net income attributable to Green Thumb Industries Inc. | — | 1,641,458 | 889,096 | 2,778,471 | 1,273,418 | 366,372 |
| Net income | \$ — | \$ 3,282,917 | \$ 1,556,739 | \$ 2,959,266 | \$ 2,546,836 | \$ 500,431 |

As of June 30, 2021 and 2020, and December 31, 2020, VIEs included in the Other Non-material VIEs are Bluepoint Wellness of Westport LLC and Meshow, LLC.

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16. SEGMENT REPORTING

The Company operates in two segments: the cultivation, production and sale of cannabis products to retail stores (“**Consumer Packaged Goods**”) and retailing of cannabis to patients and consumers (“**Retail**”). The Company does not allocate operating expenses to these business units, nor does it allocate specific assets. Additionally, the Chief Operating Decision Maker does not review total assets or net income (loss) by segments; therefore, such information is not presented below.

The below table presents revenues by type for the three and six months ended June 30, 2021 and 2020:

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|------------------------------------|-----------------------|----------------------------------|-----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| <i>Revenues, Net of Discounts</i> | | | | |
| Consumer Packaged Goods | \$ 117,863,490 | \$ 56,331,517 | \$ 221,940,928 | \$ 102,653,545 |
| Retail | 150,115,879 | 87,541,572 | 280,224,597 | 163,503,022 |
| Intersegment Eliminations | (46,107,557) | (24,233,165) | (85,863,129) | (43,914,041) |
| Total Revenues, net of discounts | \$ 221,871,812 | \$ 119,639,924 | \$ 416,302,396 | \$ 222,242,526 |
| <i>Depreciation and Amortization</i> | | | | |
| Consumer Packaged Goods | \$ 8,412,964 | \$ 7,571,575 | \$ 16,413,911 | \$ 15,165,941 |
| Retail | 6,660,028 | 6,668,338 | 13,652,502 | 11,779,144 |
| Intersegment Eliminations | — | — | — | — |
| Total Depreciation and Amortization | \$ 15,072,992 | \$ 14,239,913 | \$ 30,066,413 | \$ 26,945,085 |
| <i>Income Taxes</i> | | | | |
| Consumer Packaged Goods | \$ 13,206,447 | \$ 6,398,000 | \$ 30,493,541 | \$ 10,625,000 |
| Retail | 16,820,285 | 8,980,715 | 30,389,369 | 17,902,715 |
| Intersegment Eliminations | — | — | — | — |
| Total Income Taxes | \$ 30,026,732 | \$ 15,378,715 | \$ 60,882,910 | \$ 28,527,715 |

Goodwill assigned to the Consumer Packaged Goods segment as of June 30, 2021 and December 31, 2020 was \$284,130,932 and \$252,016,532, respectively. Intangible assets, net assigned to the Consumer Packaged Goods segment as of June 30, 2021 and December 31, 2020 was \$222,098,783 and \$211,303,718, respectively.

Goodwill assigned to the Retail segment as of June 30, 2021 and December 31, 2020 was \$138,709,535 and \$130,680,935, respectively. Intangible assets, net assigned to the Retail segment as of June 30, 2021 and December 31, 2020 was \$189,439,317 and \$194,938,316, respectively.

The Company’s assets are aggregated into two reportable segments (Retail and Consumer Packaged Goods). For the purposes of testing goodwill, Green Thumb has identified 22 reporting units. The Company determined its reporting units by first reviewing the operating segments based on the geographic areas in which Green Thumb conducts business (or each market). The markets were then further divided into reporting units based on the market operations (Retail and Consumer Packaged Goods) which were primarily determined based on the licenses each market holds. All revenues are derived from customers domiciled in the United States and all assets are located in the United States.

17. SUBSEQUENT EVENTS

(a) Virginia

On July 1, 2021, the Company acquired Dharma Pharmaceuticals LLC ("**Dharma**") a Virginia-based medical cannabis cultivator, processor and retailer for approximately \$17 million in cash and 2,298,779 Subordinate Voting Shares valued at approximately \$76 million (including 229,878 deferred shares) based on the fair value of the securities on their date of issuance, which was the closing price of Green Thumb's Subordinate Voting Shares as traded on the CSE on the date of the transaction. In addition, the purchase agreement also included contingent consideration up to \$65 million in shares of Green Thumb and is dependent upon the achievement of certain milestones. To date, the Company has issued \$6 million in shares to the former owners of Dharma associated with the achievement of one of the milestones. The Company has not yet completed the valuation of the acquired entity or related purchase accounting for the transaction.

(b) Rhode Island

On August 1, 2021, the Company acquired Mobley Pain Management and Wellness Center LLC and Canwell Processing LLC, both of which have contractual interests in Summit Medical Compassion Center, Inc. a non-profit with vertically integrated cannabis operations in Rhode Island. Green Thumb exchanged 2,387,807 Subordinate Voting Shares valued at approximately \$71 million (including 303,599 deferred shares) based on the fair value of the securities on their date of issuance, which was the closing price of Green Thumb's Subordinate Voting Shares as traded on the CSE on the date of the transaction. The Company has not yet completed the valuation of the acquired entity or related purchase accounting for the transaction.

ITEM 2. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

This management discussion and analysis (“**MD&A**”) of the financial condition and results of operations of Green Thumb Industries Inc. (the “**Company**” or “**Green Thumb**”) is for the three and six months ended June 30, 2021 and 2020. It is supplemental to, and should be read in conjunction with, the Company’s unaudited interim condensed consolidated financial statements as of June 30, 2021 and the consolidated financial statements for the year ended December 31, 2020 included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2020 filed with the U.S. Securities and Exchange Commission on March 18, 2021 (the “**2020 Form 10-K**”) and the accompanying notes for each respective period. The Company’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“**GAAP**”). Financial information presented in this MD&A is presented in United States dollars (“\$” or “**US\$**”), unless otherwise indicated.

This MD&A contains certain “forward-looking statements” and certain “forward-looking information” as defined under applicable United States securities laws. Please refer to the discussion of forward-looking statements and information set out under the heading “Disclosure Regarding Forward-Looking Statements,” identified in the “Risks and Uncertainties” section of this MD&A and in Part II, Item 1A, “Risk Factors.” As a result of many factors, the Company’s actual results may differ materially from those anticipated in these forward-looking statements and information.

COVID-19 Considerations

In March 2020, the World Health Organization categorized coronavirus disease 2019 (together with its variants “**COVID-19**”) as a pandemic. COVID-19 continues to spread throughout the U.S. and other countries across the world, and the duration and severity of its effects and those of its variants are currently unknown. The Company continues to implement and evaluate actions to strengthen its financial position and support the continuity of its business and operations in the face of this pandemic and other events.

The Company’s priorities during the COVID-19 pandemic are protecting the health and safety of its employees and its customers, following the recommended actions of government and health authorities. In the future, the pandemic may cause reduced demand for the Company’s products and services if, for example, the pandemic results in a recessionary economic environment or potential new restrictions on business operations or the movement of individuals. However, given the Company’s operations have to date been deemed “essential” services in the states in which it does business, the Company believes that there will continue to be strong demand for Green Thumb products.

Operations of the Company are currently ongoing as the cultivation, processing and sale of cannabis products is currently considered an “essential” business by all states in which the Company operates with respect to all customers. The Company’s ability to continue to operate without any significant negative operational impact from the COVID-19 pandemic and any of its variants will in part depend on the Company’s ability to protect its employees, customers and supply chain and its continued designation as “essential” in states where it does business that currently or in the future impose restrictions on business operations.

The pandemic has not materially impacted the Company’s business operations or liquidity position to date. The Company continues to generate operating cash flows to meet its short-term liquidity needs. In all locations where applicable regulations limiting in-store retail activity have been enacted by governmental authorities, the Company has expanded consumer delivery options and curbside pickup to help further protect the health and safety of Green Thumb employees and customers.

During the first six months of 2021 the Company's revenue, gross profit and operating income were not negatively impacted by COVID-19 and the Company generally maintained the consistency of its operations. However, the uncertain nature of the spread of COVID-19 and its variants may impact its business operations for reasons including the potential quarantine of Green Thumb employees or those of its supply chain partners and its continued designation as "essential" in states where it does business that currently or in the future impose restrictions on business operations.

For additional information on risk factors related to the pandemic or other risks that could impact Green Thumb's results, please refer to "Risk Factors" in Part II, Item 1A of this Quarterly Report on Form 10-Q.

OVERVIEW OF THE COMPANY

Established in 2014 and headquartered in Chicago, Illinois, Green Thumb, a national cannabis consumer packaged goods company and retailer promotes well-being through the power of cannabis while being committed to community and sustainable profitable growth. As of June 30, 2021, Green Thumb has operations across 12 U.S. markets, employs approximately 2,850 people and serves millions of patients and customers annually.

Green Thumb's core business is manufacturing, distributing and marketing a portfolio of owned cannabis consumer packaged goods brands (which we refer to as our Consumer Packaged Goods business), including Beboe, Dogwalkers, Dr. Solomon's, incredibles and Rythm. The Company distributes and markets these products primarily to third-party licensed retail cannabis stores across the United States as well as to Green Thumb-owned retail stores (which we refer to as our Retail business).

The Company's Consumer Packaged Goods portfolio is primarily generated from plant material that Green Thumb grows and processes itself, which we use to produce our consumer packaged goods in 14 manufacturing facilities. This portfolio consists of stock keeping units ("SKUs") across a range of cannabis product categories, including flower, pre-rolls, concentrates, vape, capsules, tinctures, edibles, topicals and other cannabis-related products (none of which product categories are individually material to the Company). These Consumer Packaged Goods products are sold in retail locations throughout the 12 U.S. markets Green Thumb operates including Green Thumb's own Rise and Essence dispensaries.

Green Thumb owns and operates a national cannabis retail chain called Rise™, and in the Las Vegas, Nevada and Pasadena, California areas, a chain of stores called Essence, which are relationship-centric retail experiences aimed to deliver a superior level of customer service through high-engagement consumer interaction, a consultative, transparent and education-forward selling approach and a consistently available assortment of cannabis products. In addition, Green Thumb owns stores under other names, primarily where we co-own the stores or naming is subject to licensing or similar restrictions. The income from Green Thumb's retail stores is primarily from the sale of cannabis-related products, which includes the sale of Green Thumb produced products as well as those produced by third parties, with an immaterial (under 10%) portion of this income resulting from the sale of other merchandise (such as t-shirts and accessories for cannabis use). The Rise stores currently are located in eight of the states in which we operate (including Nevada). The Essence stores were acquired in connection with the 2019 acquisition of Integral Associates and are located in Nevada and beginning in March 2021, California. The Essence stores differ from the Rise stores mainly in geographic location. As of June 30, 2021, the Company had 58 open and operating retail locations. The Company's new store opening plans will remain fluid depending on market conditions, obtaining local licensing, construction and other permissions and subject to the Company's capital allocation plans and the evolving situation with respect to the COVID-19 as described above and under the heading "Liquidity, Financing Activities During the Period, and Capital Resources" below.

Results of Operations – Consolidated

The following table sets forth the Company's selected consolidated financial results for the periods, and as of the dates, indicated. The (i) unaudited condensed consolidated statements of operations for the three and six months ended June 30, 2021 and 2020 and (ii) unaudited interim condensed consolidated balance sheet as of June 30, 2021 and December 31, 2020 have been derived from, and should be read in conjunction with the unaudited interim condensed consolidated financial statements and accompanying notes presented in Item 1 of this Report.

The Company's unaudited interim condensed consolidated financial statements have been prepared in accordance with U.S. GAAP and on a going-concern basis that contemplates continuity of operations and realization of assets and liquidation of liabilities in the ordinary course of business.

| | Three Months Ended June 30, | | Six Months Ended June 30, | | QTD Change | | YTD Change | |
|---|-----------------------------|-----------------|---------------------------|-----------------|----------------|--------|----------------|-------|
| | 2021 | 2020 | 2021 | 2020 | \$ | % | \$ | % |
| Revenues, net of discounts | \$ 221,871,812 | \$ 119,639,924 | \$ 416,302,396 | \$ 222,242,526 | \$ 102,231,888 | 85% | \$ 194,059,870 | 87% |
| Cost of Goods Sold, net | (98,960,988) | (55,946,010) | (182,526,072) | (105,561,198) | (43,014,978) | (77)% | (76,964,874) | (73)% |
| Gross Profit | 122,910,824 | 63,693,914 | 233,776,324 | 116,681,328 | 59,216,910 | 93% | 117,094,996 | 100% |
| Total Expenses | 72,055,473 | 49,643,211 | 131,386,724 | 95,077,968 | 22,412,262 | 45% | 36,308,756 | 38% |
| Income From Operations | 50,855,351 | 14,050,703 | 102,389,600 | 21,603,360 | 36,804,648 | 262% | 80,786,240 | 374% |
| Total Other Income (Expense) | 2,446,172 | (10,435,925) | (6,776,931) | (8,603,142) | 12,882,097 | 123% | 1,826,211 | 21% |
| Income Before Provision for Income Taxes and Non-Controlling Interest | 53,301,523 | 3,614,778 | 95,612,669 | 13,000,218 | 49,686,745 | 1,375% | 82,612,451 | 635% |
| Provision for Income Taxes | 30,026,732 | 15,378,715 | 60,882,910 | 28,527,715 | 14,648,017 | 95% | 32,355,195 | 113% |
| Net Income (Loss) Before Non-Controlling Interest | 23,274,791 | (11,763,937) | 34,729,759 | (15,527,497) | 35,038,728 | 298% | 50,257,256 | 324% |
| Net Income Attributable to Non-Controlling Interest | 1,222,800 | 1,145,568 | 2,309,102 | 1,588,272 | 77,232 | 7% | 720,830 | 45% |
| Net Income (Loss) Attributable to Green Thumb Industries Inc. | \$ 22,051,991 | \$ (12,909,505) | \$ 32,420,657 | \$ (17,115,769) | \$ 34,961,496 | 271% | \$ 49,536,426 | 289% |
| Net Income (Loss) per share – basic | \$ 0.10 | \$ (0.06) | \$ 0.15 | \$ (0.08) | \$ 0.16 | 263% | \$ 0.23 | 282% |
| Net Income (Loss) per share – diluted | \$ 0.10 | \$ (0.06) | \$ 0.15 | \$ (0.08) | \$ 0.16 | 259% | \$ 0.23 | 278% |
| Weighted average number of shares outstanding – basic | 220,323,622 | 209,902,732 | 218,276,376 | 209,185,544 | | | | |
| Weighted average number of shares outstanding – diluted | 224,843,155 | 209,902,732 | 222,927,120 | 209,185,544 | | | | |

| | June 30, 2021 | December 30, 2020 |
|-----------------------|------------------|-------------------|
| Total Assets | \$ 1,792,634,415 | \$ 1,358,549,162 |
| Long-Term Liabilities | \$ 458,115,004 | \$ 325,101,386 |

Three Months Ended June 30, 2021 Compared to the Three Months Ended June 30, 2020

Revenues, net of Discounts

Revenue for the three months ended June 30, 2021 was \$221,871,812, up 85% from \$119,639,924 for the three months ended June 30, 2020 driven by contributions from both Retail and Consumer Packaged Goods, largely due to continued growth in Illinois and Pennsylvania. Key performance drivers for the quarter are: launch of Cookies brand of cannabis products in Nevada, increased store traffic to Green Thumb's open and operating retail stores, particularly in Illinois, and Pennsylvania and new store openings including acquired stores, particularly in Pennsylvania, Illinois and Connecticut. The Company generated revenue from 58 Retail locations during the quarter compared to 48 in the same quarter of the prior year. During the three months ended June 30, 2021, the Company acquired two new stores in Massachusetts. Since June 30, 2020, the Company acquired one retail store in Connecticut and two in Massachusetts that contributed to the increase in Retail revenues and opened seven new Retail locations in Pennsylvania, Illinois, California, Florida and New Jersey.

The key driver for the Consumer Packaged Goods revenue increase was the opening of one cultivation and processing facility in Illinois as well as the expansion of sales of Green Thumb's branded product portfolio to third-party retailers through the Company's existing Consumer Packaged Goods cultivation and processing facilities in Illinois, Pennsylvania, Massachusetts, Maryland, Nevada, New Jersey and Connecticut due to increased scale and efficiency. The Company also added one cultivation and processing facility through the acquisition of Liberty during the three months ended June 30, 2021.

Cost of Goods Sold, net

Cost of goods sold are derived from retail purchases made by the Company from its third-party licensed producers operating within our state markets and costs related to the internal cultivation and production of cannabis. Cost of goods sold for the three months ended June 30, 2021 was \$(98,960,988), up (77)% from \$(55,946,010) for the three months ended June 30, 2020, driven by increased volume in open and operating retail stores; new and acquired retail store openings in Pennsylvania, Illinois and Connecticut and expansion of the consumer products sales primarily in Illinois, Pennsylvania, Massachusetts, Maryland, Nevada and Connecticut as described above.

Gross Profit

Gross profit for the three months ended June 30, 2021 was \$122,910,824, representing a gross margin on the sale of branded cannabis flower and processed and packaged products including concentrates, edibles, topicals and other cannabis products, of 55%. This is compared to gross profit for the three months ended June 30, 2020 of \$63,693,914 or a 53% gross margin. The Company's increase in gross margin percentage was mainly attributed to expanded capacity in the Company's Consumer Packaged Goods segment. The increase in gross profit (dollars) was directly attributable to the revenue increase as described above.

Total Expenses

Total expenses for the three months ended June 30, 2021 were \$72,055,473 or 32% of revenues, net of discounts, resulting in an increase of \$22,412,262. Total expenses for the three months ended June 30, 2020 were \$49,643,211 or 41% of revenues, net of discounts.

The increase in total expenses was attributable to Retail salaries and benefits, depreciation expense and other operational and facility expenses mainly as a result of the Company's addition of seven new and three acquired retail facilities over the prior year period. In addition, an increase in intangible amortization expense and corporate staff salaries also contributed to the overall increase in total expenses. The reduction in expenses as a percent of revenue was attributable to measures deployed to control variable expenses as well as inherent operating leverage caused by the significant increase in revenue.

Total Other Income (Expense)

Total other income (expense) for three months ended June 30, 2021 was \$2,446,172, a change of \$12,882,097, mainly due to unfavorable fair value adjustments associated with the Company's warrant liability during the three months ended June 30, 2020.

Income (Loss) Before Provision for Income Taxes and Non-Controlling Interest

Net operating income before provision for income taxes and non-controlling interest for three months ended June 30, 2021 was \$53,301,523, an increase of \$49,686,745 compared to the three months ended June 30, 2020.

As presented under the heading "Non-GAAP Measures" below, after adjusting for non-cash equity incentive compensation of \$5,672,683 and \$5,700,144, adjusted operating EBITDA was \$79,284,415 and \$35,412,711 for the three months ended June 30, 2021 and 2020, respectively.

Provision for Income Taxes

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end. For the three months ended June 30, 2021, federal and state income tax expense totaled \$30,026,732 compared to expense of \$15,378,715 for the three months ended June 30, 2020.

Six Months Ended June 30, 2021 Compared to the Six Months Ended June 30, 2020

Revenues, net of Discounts

Revenue for the six months ended June 30, 2021 was \$416,302,396, up 87% from \$222,242,526 for the six months ended June 30, 2020 driven by contributions from both Retail and Consumer Packaged Goods, largely due to growth in Illinois and Pennsylvania. Key performance drivers for the period are: launch of Cookies brand of cannabis products in Nevada and increased store traffic to Green Thumb's open and operating retail stores, particularly in Illinois and Pennsylvania and new and acquired store openings, particularly in Pennsylvania, Illinois and Connecticut. The Company generated revenue from 58 Retail locations during the quarter compared to 48 in the same quarter of the prior year. During the six months ended June 30, 2021, the Company opened five new stores and acquired two stores. Since June 30, 2020, the Company acquired one retail store in Connecticut and two in Massachusetts that contributed to the increase in Retail revenues and opened seven new Retail locations in Pennsylvania, Illinois, California, Florida, and New Jersey.

The key driver for the Consumer Packaged Goods revenue increase was the opening of one cultivation and processing facility in Illinois as well as expansion of sales of Green Thumb's branded product portfolio to third-party retailers through the Company's existing Consumer Packaged Goods cultivation and processing facilities in Illinois, Pennsylvania, Massachusetts, Maryland, Nevada and New Jersey due to increased scale and efficiency. The Company also added one cultivation and processing facility through the acquisition of Liberty during the three months ended June 30, 2021.

Cost of Goods Sold, net

Cost of goods sold are derived from retail purchases made by the Company from its third-party licensed producers operating within our state markets and costs related to the internal cultivation and production of cannabis. Cost of goods sold for the six months ended June 30, 2021 was \$182,526,072, up 73% from \$105,561,198 for the six months ended June 30, 2020, driven by increased volume in open and operating retail stores; new retail store openings in Pennsylvania and Illinois and expansion of the consumer products sales primarily in Illinois, Pennsylvania, Massachusetts, Maryland, Nevada and Connecticut as described above.

Gross Profit

Gross profit for the six months ended June 30, 2021 was \$233,776,324, representing a gross margin on the sale of branded cannabis flower and processed and packaged products including concentrates, edibles, topicals and other cannabis products, of 56%. This is compared to gross profit for the six months ended June 30, 2020 of \$116,681,328 or a 53% gross margin. The Company's increase in gross margin percentage was mainly attributed to expanded capacity in the Company's Consumer Packaged Goods segment. The increase in gross profit was directly attributable to the revenue increase as described above.

Total Expenses

Total expenses for the six months ended June 30, 2021 were \$131,386,724 or 32% of revenues, net of discounts, resulting in an increase of \$36,308,756. Total expenses for the six months ended June 30, 2020 were \$95,077,968 or 43% of revenues, net of discounts.

The increase in total expenses was attributable to Retail salaries and benefits, depreciation expense and other operational and facility expenses mainly as a result of the Company's addition of seven new and three acquired retail facilities over the prior year period. In addition, an increase in intangible amortization expense and corporate staff salaries also contributed to the overall increase in total expenses. The reduction in expenses as a percent of revenue was attributable to measures deployed to control variable expenses as well as inherent operating leverage caused by the significant increase in revenue.

Total Other Income (Expense)

Total other income (expense) for six months ended June 30, 2021 was \$6,776,931 a change of \$1,826,211, mainly due to a reduction in interest expense as a result of the Company's April 30, 2021 refinancing and an increase in earnings on the Company's equity method investments.

Income (Loss) Before Provision for Income Taxes and Non-Controlling Interest

Net operating income before provision for income taxes and non-controlling interest for six months ended June 30, 2021 was \$95,612,669, an increase of \$82,612,451 compared to the six months ended June 30, 2020.

As presented under the heading "Non-GAAP Measures" below, after adjusting for non-cash equity incentive compensation of \$9,703,338 and \$10,773,886, adjusted operating EBITDA was \$150,639,696 and \$60,957,635 for the three and six months ended June 30, 2021 and 2020, respectively.

Provision for Income Taxes

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end. For the six months ended June 30, 2021, federal and state income tax expense totaled \$60,882,910 compared to expense of \$28,527,715 for the six months ended June 30, 2020.

Results of Operation by Segment

The following table summarizes revenues net of sales discounts by segment for the three and six months ended June 30, 2021 and 2020:

| | Three Months Ended June 30, | | \$ Change | % Change |
|---|--------------------------------|-----------------------|-----------------------|-------------|
| | 2021 | 2020 | | |
| Consumer Packaged Goods | \$ 117,863,490 | \$ 56,331,517 | \$ 61,531,973 | 109 % |
| Retail | 150,115,879 | 87,541,572 | 62,574,307 | 71 % |
| Intersegment Eliminations | (46,107,557) | (24,233,165) | (21,874,392) | 90 % |
| Total Revenues, Net of Discounts | \$ 221,871,812 | \$ 119,639,924 | \$ 102,231,888 | 85 % |

| | Six Months Ended June 30, | | \$ Change | % Change |
|---|------------------------------|-----------------------|-----------------------|-------------|
| | 2021 | 2020 | | |
| Consumer Packaged Goods | \$ 221,940,928 | \$ 102,653,545 | \$ 119,287,383 | 116 % |
| Retail | 280,224,597 | 163,503,022 | 116,721,575 | 71 % |
| Intersegment Eliminations | (85,863,129) | (43,914,041) | (41,949,088) | 96 % |
| Total Revenues, Net of Discounts | \$ 416,302,396 | \$ 222,242,526 | \$ 194,059,870 | 87 % |

Three Months Ended June 30, 2021 Compared with the Three Months Ended June 30, 2020

Revenues, net of discounts for the Retail segment were \$150,115,879, an increase of \$62,574,307 or 71%, compared to the three months ended June 30, 2020. The increase in Retail revenues, net of discounts, was primarily driven by increased store traffic to Green Thumb's open and operating retail stores, particularly in Illinois, Nevada and Pennsylvania, as well as new store openings particularly in Pennsylvania.

Revenues, net of discounts for the Consumer Packaged Goods Segment were \$117,863,490, an increase of \$61,531,973 or 109%, compared to the three months ended June 30, 2020. The increase in Consumer Packaged Goods revenues, net of discounts, was primarily driven by increased sales volume in established markets such as Illinois, Pennsylvania, Massachusetts and Nevada.

Due to the vertically integrated nature of the business, the Company reviews its revenue at the Retail and Consumer Packaged Goods level while reviewing its operating results on a consolidated basis.

Six Months Ended June 30, 2021 Compared with the Six Months Ended June 30, 2020

Revenues, net of discounts for the Retail segment were \$280,224,597, an increase of \$116,721,575 or 71%, compared to the six months ended June 30, 2020. The increase in Retail revenues, net of discounts, was primarily driven by increased store traffic to Green Thumb's open and operating retail stores, particularly in Pennsylvania and Illinois, as well as new store openings particularly in Pennsylvania and Illinois.

Revenues, net of discounts for the Consumer Packaged Goods Segment were \$221,940,928, an increase of \$119,287,383 or 116%, compared to the six months ended June 30, 2020. The increase in Consumer Packaged Goods revenues, net of discounts, was primarily driven by increased sales volume in established markets such as Illinois, Pennsylvania, Massachusetts, Nevada and New Jersey.

Due to the vertically integrated nature of the business, the Company reviews its revenue at the Retail and Consumer Packaged Goods level while reviewing its operating results on a consolidated basis.

Drivers of Results of Operations

Revenue

The Company derives its revenue from two revenue streams: a Consumer Packaged Goods business in which it manufactures, sells and distributes its portfolio of consumer packaged goods brands including Beboe, Dogwalkers, Dr. Solomon's, incredibles, and Rythm, primarily to third-party retail customers; and a Retail business in which it sells finished goods sourced primarily from third-party cannabis manufacturers in addition to the Company's own Consumer Packaged Goods products direct to the end consumer in its retail stores, as well as direct-to-consumer delivery where applicable by state law.

For the three and six months ended June 30, 2021, revenue was contributed from Consumer Packaged Goods and Retail sales across California, Colorado, Connecticut, Florida, Illinois, Maryland, Massachusetts, Nevada, New Jersey, New York, Ohio and Pennsylvania.

Gross Profit

Gross profit is revenue less cost of goods sold. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles, and concentrates, as well as packaging and other supplies, fees for services and processing, and allocated overhead which includes allocations of rent, utilities and related costs. Cannabis costs are affected by various state regulations that limit the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes. Gross margin measures our gross profit as a percentage of revenue.

During the Six Months Ended June 30, 2021, the Company continued to be focused on creating sustainable, profitable growth of the Company's business while pursuing expansion. Green Thumb expects to continue its growth strategy for the foreseeable future as the Company expands its Consumer Packaged Goods and Retail footprint within its current markets with acquisitions and partnerships, and scales resources into new markets.

Total Expenses

Total expenses other than the cost of goods sold consist of selling costs to support customer relationships and marketing and branding activities. It also includes a significant investment in the corporate infrastructure required to support the Company's ongoing business.

Retail selling costs generally correlate to revenue. As new locations begin operations, these locations generally experience higher selling costs as a percentage of revenue compared to more established locations, which experience a more constant rate of selling costs. As a percentage of sales, the Company expects selling costs to remain constant in the more established locations and increase in the newer locations as business continues to grow.

General and administrative expenses also include costs incurred at the Company's corporate offices, primarily related to back office personnel costs, including salaries, incentive compensation, benefits, stock-based compensation and other professional service costs. The Company expects to continue to invest considerably in this area to support aggressive expansion plans and to support the business by attracting and retaining top-tier talent. Furthermore, the Company anticipates an increase in stock-based compensation expenses related to recruiting and hiring talent, along with legal and professional fees associated with being a publicly traded company in Canada and registered with the U.S. Securities and Exchange Commission.

Provision for Income Taxes

The Company is subject to income taxes in the jurisdictions in which it operates and, consequently, income tax expense is a function of the allocation of taxable income by jurisdiction and the various activities that impact the timing of taxable events. As the Company operates in the federally illegal cannabis industry, it is subject to the limitations of IRC Section 280E under which taxpayers are only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E and a higher effective tax rate than most industries. Therefore, the effective tax rate can be highly variable and may not necessarily correlate to pre-tax income or loss.

Non-GAAP Measures

EBITDA, Adjusted Operating EBITDA, and Adjusted EBITDA are non-GAAP measures and do not have standardized definitions under GAAP. The following information provides reconciliations of the supplemental non-GAAP financial measures, presented herein to the most directly comparable financial measures calculated and presented in accordance with GAAP. The Company has provided the non-GAAP financial measures, which are not calculated or presented in accordance with GAAP, as supplemental information and in addition to the financial measures that are calculated and presented in accordance with GAAP. These supplemental non-GAAP financial measures are presented because management has evaluated the financial results both including and excluding the adjusted items and believe that the supplemental non-GAAP financial measures presented provide additional perspective and insights when analyzing the core operating performance of the business. These supplemental non-GAAP financial measures should not be considered superior to, as a substitute for or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented.

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|----------------------|------------------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Net Income (Loss) Before Non-Controlling Interest | \$ 23,274,791 | \$ (11,763,937) | \$ 34,729,759 | \$ (15,527,497) |
| Interest Income, net | (295,690) | (16,410) | (345,580) | (104,525) |
| Interest Expense, net | 4,679,795 | 4,734,908 | 8,802,971 | 9,776,350 |
| Provision For Income Taxes | 30,026,732 | 15,378,715 | 60,882,910 | 28,527,715 |
| Other (Income) Expense, net | (6,830,277) | 5,717,427 | (1,680,460) | (1,068,683) |
| Depreciation and amortization | 15,072,992 | 14,239,915 | 30,066,413 | 26,945,085 |
| Earnings before interest, taxes, depreciation and amortization (EBITDA) (non-GAAP measure) | \$ 65,928,343 | \$ 28,290,618 | \$ 132,456,013 | \$ 48,548,445 |
| Stock-based compensation, non-cash | 5,672,683 | 5,700,144 | 9,703,338 | 10,773,886 |
| Acquisition, transaction and other non-operating costs | 7,683,389 | 1,421,949 | 8,480,345 | 1,635,304 |
| Adjusted Operating EBITDA (non-GAAP measure) | \$ 79,284,415 | \$ 35,412,711 | \$ 150,639,696 | \$ 60,957,635 |

Liquidity, Financing Activities During the Period, and Capital Resources

As of June 30, 2021, and December 31, 2020 the Company had total current liabilities of \$105,361,464 and \$119,288,435, respectively, and cash and cash equivalents of \$359,188,735 and \$83,757,785, respectively to meet its current obligations. The Company had working capital of \$376,258,084 as of June 30, 2021, an increase of \$311,602,514 as compared to December 31, 2020. This increase in working capital was primarily driven by the \$155,498,140 sale of registered Subordinate Voting Shares pursuant to the Company's Registration Statement on Form S-1 as well as the Company's April 30, 2021 216,734,258 issuance of private placement debt. Partially offset by the repayment of 105,466,429.

In the first six months of 2021, Green Thumb generated revenue from all 12 of its markets: California, Colorado, Connecticut, Florida, Illinois, Maryland, Massachusetts, Nevada, New Jersey, New York, Ohio and Pennsylvania. The Company's Consumer Packaged Goods revenue grew approximately 13%, net of discounts, during the three months ended June 30, 2021 as compared to the three months ended March 31, 2021, primarily driven by organic growth across the Company's Consumer Packaged Goods Business. The Company's Retail revenue, net of discounts, increased 15% during the three months ended June 30, 2021 as compared to the three months ended March 31, 2021, primarily driven by the launch of Cookies brand and increased transaction activity across the Company's 58 Retail store footprint.

The Company is an early-stage growth company, generating cash from revenues deploying its capital reserves to acquire and develop assets capable of producing additional revenues and earnings over both the immediate and near term. Capital reserves are primarily being utilized for capital expenditures, facility improvements, strategic investment opportunities, product development and marketing, as well as customer, supplier and investor and industry relations.

While our revenue, gross profit and operating income were not materially impacted by COVID-19 and we maintained the consistency of our operations during the first six months of 2021, the uncertain nature of the spread of COVID-19 may impact our business operations for reasons including the potential quarantine of our employees or those of our supply chain partners. Our ability to continue to operate without any significant negative operational impact from the COVID-19 pandemic will in part depend on our ability to protect our employees, customers and supply chain and our continued designation as an "essential" business in states where we do business that currently or in the future impose restrictions on business operations. The Company takes a cautious approach in allocating its capital to maximize its returns while ensuring appropriate liquidity. Given the current uncertainty of the future economic

environment, the Company has taken additional measures in monitoring and deploying its capital to minimize the negative impact on its current operations and expansion plans.

Cash Flows

Cash Used in Operating Activities, Investing and Financing Activities

Net cash provided by (used in) operating, investing and financing activities for the six months ended June 30, 2021 and 2020, were as follows:

| | Six Months Ended June 30, | |
|---|---------------------------|-----------------|
| | 2021 | 2020 |
| Net Cash provided by Operating Activities | \$ 48,296,862 | \$ 60,250,326 |
| Net Cash Used in Investing Activities | \$ (43,583,152) | \$ (22,234,932) |
| Net Cash provided by (used in) Financing Activities | \$ 270,717,240 | \$ (1,740,056) |

Off-Balance Sheet Arrangements

As of June 30, 2021, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Changes in or Adoption of Accounting Practices

Refer to the discussion of recently adopted/issued accounting pronouncements under Part I, Item 1, Notes to Unaudited Interim Condensed Consolidated Financial Statements, Note 1—Overview and Basis of Presentation.

Critical Accounting Policies and Significant Judgements and Estimates

There were no material changes to our critical accounting policies and estimates from the information provided in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” included in our 2020 Form 10-K.

Emerging Growth Company Status

The Company is an “emerging growth company” as defined in the Section 2(a) of the Exchange Act, as modified by the Jumpstart Our Business Start-ups Act of 2012, or the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 13(a) of the Exchange Act for complying with new or revised accounting standards applicable to public companies. The Company has elected to take advantage of this extended transition period and as a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes to our market risk disclosures as set forth in Part II Item 7A of our 2020 Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

(a) Disclosure Controls and Procedures

The Company evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2021. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. The Company recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives. As required by Rule 13a-15(b) under the Exchange Act, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2021, the

end of the period covered by this Quarterly Report on Form 10-Q. Based upon such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of such date.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is a party to a variety of legal proceedings that arise out of operations in the normal course of business. While the results of these legal proceedings cannot be predicted with certainty, the Company believes that the final outcome of these proceedings will not have a material adverse effect, individually or in the aggregate, on our results of operations or financial condition.

ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in the 2020 Form 10-K.

ITEM 2. UNREGISTERED SALE OF EQUITY SECURITIES

Recent Sales of Unregistered Securities

Please see the Company's Current Report on Form 8-K filed with the SEC on July 2, 2021.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURE

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

The following exhibits are filed with this report:

| | |
|---------|---|
| 31.1 | <u>CERTIFICATE OF CHIEF EXECUTIVE OFFICER</u> |
| 31.2 | <u>CERTIFICATE OF CHIEF FINANCIAL OFFICER</u> |
| 32.1 | <u>CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002</u> |
| 32.2 | <u>CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002</u> |
| 101.INS | Inline XBRL Instance Document |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document |
| 104 | Cover Page Interactive Data File (embedded with Inline XBRL File) |

SIGNATURES

Pursuant to requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

GREEN THUMB INDUSTRIES INC.

/s/Benjamin Kovler

By: Benjamin Kovler

Title: Chief Executive Officer

Date: August 12, 2021

GREEN THUMB INDUSTRIES INC.

/s/Anthony Georgiadis

By: Anthony Georgiadis

Title: Chief Financial Officer

Date: August 12, 2021

CERTIFICATE OF CHIEF EXECUTIVE OFFICER

I, Benjamin Kovler, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Green Thumb Industries Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

GREEN THUMB INDUSTRIES INC.

/s/Benjamin Kovler

By: Benjamin Kovler

Title: Chief Executive Officer

Date: August 12, 2021

CERTIFICATE OF CHIEF FINANCIAL OFFICER

I, Anthony Georgiadis, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Green Thumb Industries Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

GREEN THUMB INDUSTRIES INC.

/s/Anthony Georgiadis

By: Anthony Georgiadis

Title: Chief Financial Officer

Date: August 12, 2021

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Green Thumb Industries Inc. (the "Company") on Form 10-Q for the three and six months ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Benjamin Kovler, Chief Executive Officer, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge, the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

GREEN THUMB INDUSTRIES INC.

/s/Benjamin Kovler

By: Benjamin Kovler

Title: Chief Executive Officer

Date: August 12, 2021

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Green Thumb Industries Inc. (the "Company") on Form 10-Q for the three and six months ended June 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Anthony Georgiadis, Chief Financial Officer, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge, the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

GREEN THUMB INDUSTRIES INC.

/s/Anthony Georgiadis

By: Anthony Georgiadis

Title: Chief Financial Officer

Date: August 12, 2021
