

This preliminary short form prospectus is a preliminary base shelf prospectus. A copy of this preliminary short form prospectus has been filed with the securities regulatory authorities in each of the provinces of Canada (other than Quebec) but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary short form prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the short form prospectus is obtained from the securities regulatory authorities.

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This short form base shelf prospectus constitutes a public offering of these securities on in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. See "Plan of Distribution".

This short form base shelf prospectus has been filed under legislation in each of the provinces of Canada (other than Quebec) that permits certain information about these securities to be determined after this short form base shelf prospectus has become final and that permits the omission from this short form base shelf prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

Information has been incorporated by reference in this prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Jushi Holdings Inc. at 1800 NW Corporate Boulevard, Boca Raton, Florida, USA 33431, telephone: (561) 418-7991, and are also available electronically at www.sedar.com.

PRELIMINARY SHORT FORM BASE SHELF PROSPECTUS

New Issue and/or Secondary Offering

August 27, 2020

Jushi

JUSHI HOLDINGS INC.

CS\$200,000,000

**Subordinate Voting Shares
Warrants
Subscription Receipts
Debt Securities
Convertible Securities
Units**

Jushi Holdings Inc. (the "Company", "Jushi", "us", "we" or "our") may offer, issue and sell, as applicable, from time to time: (i) subordinate voting shares ("Subordinate Voting Shares"); (ii) warrants ("Warrants") to acquire any of the other securities that are described in this short form base shelf prospectus (the "Prospectus"); (iii) subscription receipts ("Subscription Receipts") convertible into other Securities (as defined below); (iv) debt securities ("Debt Securities"), which may consist of bonds, debentures, notes or other evidences of indebtedness of any kind, nature or description and which may be issuable in series; (v) securities convertible into or exchangeable for Subordinate Voting Shares and/or other Securities ("Convertible Securities"); (vi) units ("Units") comprised of one or more of any of the other Securities that are described in this Prospectus, or any combination of such Securities (all of the foregoing collectively, the "Securities" and individually, a "Security"), for up to an aggregate offering price of C\$200 million (or its equivalent in any other currencies), in one or more transactions during the 25-month period that this Prospectus, including any amendments hereto, remains effective.

We will provide the specific terms of any offering of Securities, including the specific terms of the Securities with respect to a particular offering and the terms of such offering, in one or more prospectus supplements (each a "Prospectus Supplement"). The Securities may be offered separately or together or in any combination, and as separate series. One or more securityholders of the Company may also offer and sell Securities under this Prospectus. See "Secondary Sales".

In addition, the Securities may be offered and issued in consideration for the acquisition of other businesses, assets or securities by the Company or one of its subsidiaries. The consideration for any such acquisition may consist of the Securities

separately, a combination of Securities or any combination of, among other things, Securities, cash and assumption of liabilities.

Prospective investors should be aware that the purchase of any Securities may have tax consequences that may not be fully described in this Prospectus or in any Prospectus Supplement, and should carefully review the tax discussion, if any, in the applicable Prospectus Supplement and in any event consult with a tax adviser.

All information permitted under applicable securities laws to be omitted from this Prospectus will be contained in one or more Prospectus Supplements that will be delivered to purchasers together with this Prospectus except in cases where an exemption from such delivery has been obtained. For the purposes of applicable securities laws, each Prospectus Supplement will be incorporated by reference into this Prospectus as of the date of the Prospectus Supplement and only for the purposes of the distribution of the Securities to which that Prospectus Supplement pertains. You should read this Prospectus and any applicable Prospectus Supplement carefully before you invest in any Securities offered pursuant to this Prospectus.

Our Securities may be offered and sold pursuant to this Prospectus through underwriters, dealers, directly or through agents designated from time to time at amounts and prices and other terms determined by us or any selling securityholders. In connection with any underwritten offering of Securities, the underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Securities offered at levels other than those that might otherwise prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “*Plan of Distribution*”. A Prospectus Supplement will set out the names of any underwriters, dealers, agents or selling securityholders involved in the sale of our Securities, the amounts, if any, to be purchased by underwriters, the plan of distribution for such Securities, including the net proceeds we expect to receive from the sale of such Securities, if any, the amounts and prices at which such Securities are sold, the compensation of such underwriters, dealers or agents and other material terms of the plan of distribution.

The Securities may be sold from time to time in one or more transactions at a fixed price or prices or at non-fixed prices. If offered on a non-fixed price basis, the Securities may be offered at market prices prevailing at the time of sale, at prices determined by reference to the prevailing price of a specified security in a specified market or at prices to be negotiated with purchasers, in which case the compensation payable to an underwriter, dealer or agent in connection with any such sale will be decreased by the amount, if any, by which the aggregate price paid for Securities by the purchasers is less than the gross proceeds paid by the underwriter, dealer or agent to the Company or any selling securityholder. The price at which the Securities will be offered and sold may vary from purchaser to purchaser and during the period of distribution.

In connection with any offering of Securities, other than an “at-the-market distribution” (as defined under applicable Canadian securities legislation), unless otherwise specified in a Prospectus Supplement, the underwriters, dealers or agents, as the case may be, may over-allot or effect transactions which stabilize, maintain or otherwise affect the market price of the Securities at a level other than those which otherwise might prevail on the open market. Such transactions may be commenced, interrupted or discontinued at any time. A purchaser who acquires Securities forming part of the underwriters’, dealers’ or agents’ over-allocation position acquires those Securities under this Prospectus and the Prospectus Supplement relating to the particular offering of Securities, regardless of whether the over-allocation position is ultimately filled through the exercise of the over-allotment option or secondary market purchases. See “*Plan of Distribution*”. No underwriter, dealer or agent involved in an “at-the-market distribution” under this Prospectus, no affiliate of such an underwriter, dealer or agent and no person or company acting jointly or in concert with such underwriter, dealer or agent will over-allot Securities in connection with such distribution or effect any other transactions that are intended to stabilize or maintain the market price of the Securities.

The issued and outstanding Subordinate Voting Shares are listed on the Canadian Securities Exchange (the “CSE”) under the symbol “JUSH” and on the OTCQB Best Market under the trading symbol “JUSHF”. On August 26, 2020, the last trading day prior to the date of this Prospectus, the closing price of the Subordinate Voting Shares on the CSE was C\$2.63 and the closing price of the Subordinate Voting Shares on the OTCQB Best Market was \$2.02. Unless otherwise specified in the applicable Prospectus Supplement, each series or issue of Securities (other than Subordinate Voting Shares) will not be listed on any securities exchange. Accordingly, there is currently no market through which the Securities (other than Subordinate Voting Shares) may be sold and purchasers may not be able to resell any such Securities purchased under this Prospectus and the Prospectus Supplement relating to such Securities. This may affect the pricing of such Securities in the secondary market, the transparency and availability of trading prices, the liquidity of such Securities and the extent of issuer regulation.

The Company has three classes of issued and outstanding shares: the Subordinate Voting Shares, the multiple voting shares (the “**Multiple Voting Shares**”) and the super voting shares (“**Super Voting Shares**”, and together with the Subordinate Voting Shares and the Multiple Voting Shares, the “**Shares**”). The Shares are substantially identical with the exception of the voting rights and conversion rights attached to the Multiple Voting Shares and Super Voting Shares. Each Subordinate Voting Share is entitled to one vote per Subordinate Voting Share, each Multiple Voting Share is entitled to 10 votes per Multiple Voting Share and each Super Voting Share is entitled to 1,000 votes per Super Voting Share on all matters upon which the holders of such classes of securities are entitled to vote, as applicable, and holders of Shares will vote together on all matters subject to a vote of holders of each of these classes of securities as if they were one class of shares, except to the extent that a separate vote of holders as a separate class is required by law or provided by our articles. The Multiple Voting Shares are convertible into Subordinate Voting Shares at a ratio of one Subordinate Voting Shares for every one Multiple Voting Share at any time, subject to certain restrictions, at the option of the holders thereof and automatically in certain other circumstances. The Super Voting Shares are convertible into Subordinate Voting Shares at a ratio of 100 Subordinate Voting Shares for every one Super Voting Share at any time, subject to certain restrictions, at the option of the holders thereof and automatically in certain other circumstances. See “*Description of Securities – Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares – Conversion Rights*”. The holders of Subordinate Voting Shares benefit from contractual provisions that give them certain rights in the event of a take-over bid for the Multiple Voting Shares or Super Voting Shares. See “*Description of Securities – Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares – Take-Over Bid Protection*”.

The directors and certain officers of the Company reside outside of Canada and certain experts retained by the Company are organized outside of Canada. Each of these individuals and entities have appointed the following agents for service of process:

<u>Name of Director or Officer</u>	<u>Name and Address of Agent</u>
James Cacioppo, Chairman and Chief Executive Officer	Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, ON, Canada M5L 1B9
Erich Mauff, Co-President and Director	Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, ON, Canada M5L 1B9
Kimberly Bambach, Chief Financial Officer	Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, ON, Canada M5L 1B9
Max Cohen, Director	Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, ON, Canada M5L 1B9
Benjamin Cross, Director	Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, ON, Canada M5L 1B9
Stephen Monroe, Director	Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, ON, Canada M5L 1B9
Peter Adderton, Director	Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, ON, Canada M5L 1B9
Louis J. Barack, Co-President and Secretary	Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, ON, Canada M5L 1B9
<u>Name of Expert</u>	<u>Name and Address of Agent</u>
Duane Morris LLP	Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, ON, Canada M5L 1B9
Macias, Gini & O’Connell, LLP (“ MGO ”)	Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, ON, Canada M5L 1B9

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that resides outside of Canada, even if the party has appointed an agent for service of process.

An investment in the Securities is speculative and involves significant risks. Readers should carefully review and evaluate the risk factors contained in this Prospectus, the applicable Prospectus Supplement and in the documents incorporated by reference herein before purchasing any Securities. See “*Cautionary Note Regarding Forward-Looking Statements*” and “*Risk Factors*”.

The Company is not making an offer of the Securities in any jurisdiction where such offer is not permitted.

Unless otherwise specified in a Prospectus Supplement relating to any Securities offered, certain legal matters in connection with the offering of Securities will be passed upon on behalf of the Company by Stikeman Elliott LLP as to matters relating to Canadian law and by Duane Morris LLP as to matters relating to United States law.

No underwriter has been involved in the preparation of this Prospectus nor has any underwriter performed any review of the contents of this Prospectus.

Our head office is located at 1800 NW Corporate Boulevard, Boca Raton, Florida 33431, and our registered address is Suite 1700, Park Place, 666 Burrard Street, Vancouver, British Columbia V6C 2X8.

Jushi derives a substantial portion of its revenues from the cannabis industry in certain states of the United States, which industry is illegal under United States federal law. Jushi is directly involved (through its licensed subsidiaries) in the cannabis industry in the United States where local state laws permit such activities. Currently, its subsidiaries and managed entities are directly or indirectly engaged in the manufacture, possession, use, sale, distribution or branding of cannabis and/or hold licenses in the adult use and/or medicinal cannabis marketplace in the states of Nevada, Illinois, Pennsylvania, Ohio and Virginia and have filed applications for licenses to engage in the manufacture, possession, use, sale, distribution or branding of cannabis in the adult use and/or medicinal cannabis marketplace in the states of California and New Jersey. Currently, its subsidiaries and managed entities are directly or indirectly engaged in the manufacture, possession, use, sale, distribution or branding of hemp in the United States.

The United States federal government regulates drugs through the *Controlled Substances Act* (21 U.S.C. § 811) (the “CSA”), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. The United States Food and Drug Administration (“FDA”) has not approved marijuana as a safe and effective drug for any indication.

In the United States, marijuana is largely regulated at the state level. State laws regulating cannabis are in direct conflict with the federal CSA, which makes cannabis use and possession federally illegal. Although certain states authorize medical or adult use cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and, in case of conflict between federal and state law, the federal law shall apply.

On January 4, 2018, former U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice (“DOJ”) specific to cannabis enforcement in the United States, including the Cole Memo (as defined herein). With the Cole Memo rescinded, U.S. federal prosecutors have been given discretion in determining whether to prosecute cannabis related violations of U.S. federal law, subject to budgetary constraints. On November 7, 2018, Mr. Sessions tendered his resignation as Attorney General at the request of President Donald Trump. Following Mr. Sessions’ resignation, Matthew Whitaker began serving as Acting United States Attorney General, until February 14, 2019, when William Barr was appointed as the United States Attorney General. It is unclear what impact, if any, Mr. Barr’s appointment will have on U.S. federal government enforcement policy on marijuana.

There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress (“Congress”) amends the CSA with respect to medical and/or adult use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that U.S. federal authorities may enforce current U.S. federal law. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed Jushi’s results of operations, financial condition and prospects would be materially adversely affected. See “*Risk Factors – Risks Related to the Regulatory Environment – U.S. federal law and enforcement pertaining to cannabis and hemp*” in the Company’s annual information form dated June 1, 2020 (the “AIF”), incorporated by reference herein, for additional information on this risk.

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memo discussed above, on February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352 (Revised) – *Issuers with U.S. Marijuana-Related Activities* (“Staff Notice 51-352”) setting out the Canadian Securities Administrator’s disclosure expectations for specific risks facing issuers with cannabis-related activities in the United States. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry.

Jushi’s involvement in the U.S. cannabis market may subject Jushi to heightened scrutiny by regulators, stock exchanges, clearing agencies and other U.S. and Canadian authorities. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on Jushi’s ability to operate in the U.S. or any other jurisdiction. There are a number of risks associated with the business of Jushi. See without limitation, “*Risk Factors – Risks Related to the Regulatory Environment – U.S. federal law and enforcement pertaining to cannabis and hemp*”, “*Risk Factors – Risks Related to the Regulatory Environment – Difficulty in accessing services of banks and/or other financial institutions*”, “*Risk Factors – Risks Related to the Regulatory Environment – Risks related to heightened scrutiny by regulatory authorities*” and “*Risk Factors – Risks Related to the Company’s Business and Industry – U.S. border officials could deny entry into the U.S. to employees of, or investors in companies with, cannabis operations in the U.S.*” in the AIF, incorporated by reference herein.

TABLE OF CONTENTS

ABOUT THIS PROSPECTUS	8
DOCUMENTS INCORPORATED BY REFERENCE.....	8
CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS	9
CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION.....	11
MARKET AND INDUSTRY DATA.....	11
WHERE YOU CAN FIND MORE INFORMATION.....	11
JUSHI HOLDINGS INC.	11
REGULATORY FRAMEWORK	13
Federal Regulatory Environment	16
Marijuana.....	16
Industrial Hemp	19
State Regulatory Environment	19
California	19
Illinois.....	22
Nevada.....	24
New Jersey.....	26
Ohio.....	28
Pennsylvania.....	29
Virginia.....	30
Compliance	32
SECONDARY SALES.....	32
USE OF PROCEEDS	33
DESCRIPTION OF SECURITIES.....	33
Subordinate Voting Shares, Multiple Voting Shares, and Super Voting Shares.....	33
Warrants.....	35
Subscription Receipts.....	36
Debt Securities	37
Convertible Securities.....	38
Units.....	38
CONSOLIDATED CAPITALIZATION.....	39
EARNINGS COVERAGE RATIOS	39
PLAN OF DISTRIBUTION.....	39
PRIOR SALES	41
TRADING PRICE AND VOLUME	41
DIVIDENDS	41
TAX CONSIDERATIONS.....	41
RISK FACTORS	41
INTERESTS OF EXPERTS.....	43

LEGAL MATTERS.....	43
AUDITORS, REGISTRAR AND TRANSFER AGENT.....	43
PURCHASERS' STATUTORY AND CONTRACTUAL RIGHTS OF WITHDRAWAL AND RESCISSION.....	43
ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS	44
PROMOTERS	44
CERTIFICATE OF JUSHI HOLDINGS INC.....	46
CERTIFICATE OF THE PROMOTERS	47

ABOUT THIS PROSPECTUS

Readers should rely only on the information contained or incorporated by reference in this Prospectus and any applicable Prospectus Supplement in connection with an investment in the Securities. No person or entity is authorized by the Company to provide any information or to make any representation other than as contained in this Prospectus (or incorporated by reference herein) or any Prospectus Supplement in connection with the issue and sale of the Securities offered hereunder. We take no responsibility for and can provide no assurance as to the reliability of, any other information that others may give readers of this Prospectus. We are not making an offer of Securities in any jurisdiction where the offer is not permitted.

Readers should not assume that the information contained or incorporated by reference in this Prospectus is accurate as of any date other than the date of this Prospectus or the respective dates of the documents incorporated by reference herein, unless otherwise noted herein or as required by law. It should be assumed that the information appearing in this Prospectus, any Prospectus Supplement and the documents and the information contained in any document incorporated by reference is accurate only as of the date of that document unless specified otherwise. The business, financial condition, results of operations and prospects of the Company may have changed since those dates.

This Prospectus shall not be used by anyone for any purpose other than in connection with an offering of Securities in compliance with applicable securities laws. We do not undertake to update the information contained or incorporated by reference herein, including any Prospectus Supplement, except as required by applicable securities laws. Information contained on, or otherwise accessed through, our website shall not be deemed to be a part of this Prospectus and such information is not incorporated by reference herein.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference into this Prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of Jushi Holdings Inc. at 1800 NW Corporate Boulevard, Boca Raton, Florida 33431, telephone: (561) 418-7991, and are also available electronically at www.sedar.com.

The following documents, filed by the Company with the various securities commissions or similar authorities in each of the provinces of Canada (except Quebec), are specifically incorporated by reference into and form an integral part of this Prospectus:

- a) AIF;
- b) audited consolidated financial statements as at and for the year ended December 31, 2019 and for the period from January 23, 2018 through December 31, 2018;
- c) management's discussion and analysis for the year ended December 31, 2019;
- d) condensed unaudited interim consolidated financial statements as at June 30, 2020 and for the three and six months period then ended;
- e) management's discussion and analysis for the three and six months ended June 30, 2020;
- f) material change report dated January 31, 2020, regarding Jushi Inc, a wholly-owned subsidiary of the Company, becoming the majority owner of two Illinois medical cannabis dispensaries;
- g) material change report dated February 3, 2020, regarding the upsizing of the Company's previously announced debt financing;
- h) material change report dated June 22, 2020 regarding the definitive binding agreement to purchase a grower-processor in Pennsylvania;
- i) material change report dated July 30, 2020 regarding the upsizing and closing of the Company's previously announced debt financing;
- j) material change report dated August 11, 2020 regarding the closing of the Company's acquisition of a grower-processor in Pennsylvania; and
- k) management information circular dated May 4, 2020 (the "Circular").

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference in this Prospectus will be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained in this Prospectus or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference into this Prospectus modifies or supersedes that statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other

information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute part of this Prospectus.

Any document of the type required by National Instrument 44-101 – “*Short Form Prospectus Distributions*” to be incorporated by reference into a short form prospectus, including any annual information forms, material change reports (except confidential material change reports), business acquisition reports, interim financial statements, annual financial statements (in each case, including any applicable exhibits containing updated earnings coverage information) and the independent auditor’s report thereon, management’s discussion and analysis and information circulars of the Company filed by the Company with securities commissions or similar authorities in Canada after the date of this Prospectus and prior to the completion or withdrawal of any offering under this Prospectus shall be deemed to be incorporated by reference into this Prospectus. The documents incorporated or deemed to be incorporated herein by reference contain meaningful and material information relating to the Company and readers should review all information contained in this Prospectus, the applicable Prospectus Supplement and the documents incorporated or deemed to be incorporated by reference herein and therein.

Upon a new annual information form and annual consolidated financial statements being filed by the Company with the applicable Canadian securities commissions or similar regulatory authorities in Canada during the period that this Prospectus is effective, the previous annual information form, the previous annual consolidated financial statements and all interim consolidated financial statements and in each case the accompanying management’s discussion and analysis of financial condition and results of operations, and material change reports filed prior to the commencement of the financial year of the Company in which the new annual information form is filed shall be deemed to no longer be incorporated into this Prospectus for purpose of future offers and sales of Securities under this Prospectus. Upon interim consolidated financial statements and the accompanying management’s discussion and analysis of financial condition and results of operations being filed by the Company with the applicable Canadian securities commissions or similar regulatory authorities during the period that this Prospectus is effective, all interim consolidated financial statements and the accompanying management’s discussion and analysis of financial condition and results of operations filed prior to such new interim consolidated financial statements and management’s discussion and analysis of financial condition and results of operations shall be deemed to no longer be incorporated into this Prospectus for purposes of future offers and sales of Securities under this Prospectus. In addition, upon a new management information circular for an annual meeting of shareholders being filed by the Company with the applicable Canadian securities commissions or similar regulatory authorities during the period that this Prospectus is effective, the previous management information circular filed in respect of the prior annual meeting of shareholders shall no longer be deemed to be incorporated into this Prospectus for purposes of future offers and sales of Securities under this Prospectus.

References to our website in any documents that are incorporated by reference into this Prospectus and any Prospectus Supplement do not incorporate by reference the information on such website into this Prospectus or any Prospectus Supplement, and we disclaim any such incorporation by reference.

Any “template version” of “marketing materials” (as those terms are defined in National Instrument 41-101 – *General Prospectus Requirements*) pertaining to a distribution of Securities filed after the date of a Prospectus Supplement and before termination of the distribution of Securities offered pursuant to such Prospectus Supplement will be deemed to be incorporated by reference into the Prospectus Supplement for the purposes of the distribution of the Securities to which the Prospectus Supplement pertains.

A Prospectus Supplement containing the specific terms of an offering of Securities and other information in relation to the Securities will be delivered to prospective purchasers of such Securities together with this Prospectus and shall be deemed to be incorporated by reference into this Prospectus as of the date of such Prospectus Supplement but only for the purposes of the distribution of the Securities to which that Prospectus Supplement pertains.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus and the documents incorporated by reference herein contain certain “forward-looking statements” and “forward-looking information” within the meaning of applicable securities laws, including Canadian securities laws and United States securities laws (collectively, “**forward-looking statements**”). All information, other than statements of

historical facts, included in this Prospectus and the documents incorporated by reference herein, including estimates, plans, expectations, opinions, forecasts, projections, targets and guidance, constitutes forward-looking information. Forward-looking information is often identified by the words “may”, “would”, “could”, “should”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “project”, “expect”, “target”, “continue”, “forecast”, “design”, “goal” or similar expressions and includes, among others, information regarding:

- the business and future activities of, and developments related to, the Company after the date hereof, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company’s business, operations and plans, including new revenue streams;
- the completion and integration of contemplated acquisitions by the Company or other possible acquisitions or dispositions (directly or indirectly) of businesses or assets which may or may not be material and/or investment opportunities;
- the application for additional licenses and the grant of licenses that have been applied for;
- the renewal of licenses held by the Company;
- limitations on the ownership of licenses;
- the expansion or construction of certain facilities;
- expansion into additional United States, Canadian and/or international markets;
- any potential future legalization of adult use and/or medical marijuana under United States federal law;
- the regulatory regime in the states and markets in which the Company has operations or plans to acquire or develop operations;
- expectations of market size and growth in the United States and the states in which the Company operates;
- additional funding requirements;
- the payment of dividends;
- expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and
- other events or conditions that may occur in the future.

Company shareholders and other readers are cautioned that the forward-looking information contained in this Prospectus and the documents incorporated herein by reference is based on the assumptions and estimates of management of the Company at the time they were provided or made and involve known and unknown risks, uncertainties and other factors which may cause the actual results, level of activity, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Although the Company believes that the expectations reflected in such forward-looking information are reasonable, it can give no assurance that such expectations will prove to have been correct. The Company’s forward-looking information is expressly qualified in its entirety by this cautionary statement.

A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking information. See “*Risk Factors*” for further details. Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. In formulating the forward-looking information contained herein, the Company has assumed, without limitation, receipt of requisite regulatory approvals on a timely basis, receipt and/or maintenance of required licenses and third-party consents in a timely manner, successful integration of the Company’s and its subsidiaries’ operations, and no unplanned materially adverse changes to its facilities, assets, customer base and the economic conditions affecting the Company’s current and proposed operations. These assumptions, although considered reasonable by the Company at the time of preparation, may prove to be incorrect. In addition, the Company has assumed that there will be no material adverse change to the current regulatory landscape affecting the cannabis and hemp industries and has also assumed that the Company will remain compliant in the future with all laws, regulations and rules imposed upon it by law.

There can be no assurance that such forward-looking information will prove to be accurate as actual results and future events could differ materially from those anticipated in such forward-looking information. Accordingly, readers should not place undue reliance on forward-looking information. Forward-looking information is provided and made as of the date of this Prospectus and the Company does not undertake any obligation to revise or update any forward-looking information or statements other than as required by applicable law.

CURRENCY PRESENTATION AND EXCHANGE RATE INFORMATION

Unless the context otherwise requires, all references to “\$”, “US\$” and “dollars” mean references to the lawful money of the United States. All references to “C\$” refer to Canadian dollars. On August 26, 2020, the Bank of Canada daily average rate of exchange was \$1.00 = C\$1.3155 or C\$1.00 = \$0.7602.

MARKET AND INDUSTRY DATA

This Prospectus and the documents incorporated herein by reference include market and industry data that has been obtained from third-party sources, including industry publications. The Company believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Company has not independently verified any of the data from third-party sources referred to in this Prospectus or the documents incorporated herein by reference or ascertained the underlying economic assumptions relied upon by such sources.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the full informational requirements of the securities commissions in all provinces of Canada (except Quebec). You are invited to read and copy any reports, statements or other information, other than confidential filings, that we have filed or intend to file with the Canadian provincial securities commissions (except in Quebec). These filings are electronically available from the Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. Except as expressly provided herein, documents filed on SEDAR are not, and should not be considered, part of this Prospectus.

JUSHI HOLDINGS INC.

The Company is a globally focused, multi-state cannabis and hemp operator engaged in retail, distribution, cultivation, and processing operations in both medical and adult-use markets. The Company and its management team are focused on building a diverse portfolio of cannabis and hemp assets through opportunistic investments and pursuing application opportunities in attractive limited license jurisdictions. The Company has targeted assets in highly populated, limited licensed medical markets with a trajectory toward adult-use legalization, such as Pennsylvania, Virginia, and Ohio, and limited license, fast-growing, large adult-use markets, such as Illinois, California, and Nevada.

As of June 30, 2020, the date of the Company’s most recently filed financial statements, 100% the Company’s business was directly derived from U.S. cannabis-related activities. As such, the Company’s balance sheet and operating statement exposure to U.S. cannabis related activities is 100%.

The Company’s head office is located at 1800 NW Corporate Boulevard, Boca Raton, Florida 33431, and its registered address is Suite 1700, Park Place, 666 Burrard Street, Vancouver, British Columbia V6C 2X8. Additional information about our business is included in the documents incorporated by reference into this Prospectus.

Strategy

The Company’s business strategy is to evaluate each market opportunity pursuant to the relevant local competitive and regulatory landscape, supply/demand dynamics, and growth potential. The Company evaluates the economic viability of each opportunity before making capital allocation decisions and may decide to participate in one or more facets of the supply chain based on the dynamics mentioned above. In certain markets, the Company may seek to apply a capital-light or retail-focused strategy, especially where cultivation may become further commoditized in future years (such as California). In early stage, vertical limited license markets (such as Virginia or New York), the Company may seek to buy controlling interests despite the high level of capital intensity required, given the significant market opportunity. In other markets, the Company may seek a more balanced capital allocation approach where it may acquire a grower-processor and/or additional retail dispensaries in a market where it currently operates, such as Pennsylvania or Illinois. By establishing a strong platform and retail-brand recognition in markets that have the greatest growth potential, the Company expects to be well-positioned to have a first-mover advantage for future growth in adult-use cannabis once it is further legalized.

Growth

The Company is focused on expanding its retail presence in current markets, while pursuing acquisition opportunities across the supply chain in limited license markets that complement the Company's existing portfolio. The Company's financial capacity allows it to operate from a position of strength and it is expected that such financial capacity will help the Company emerge as an even stronger player in this distressed industry. The Company plans to implement its growth strategy by expanding its presence in current markets, targeting acquisition opportunities in limited license jurisdictions, and applying for de novo licenses.

Current Operations

Retail

As of August 26, 2020, the Company operated eight operating medical cannabis dispensaries in the Commonwealth of Pennsylvania, located in or around the cities of Ardmore, Bristol, Johnstown, Philadelphia (Center City and Northern Liberties), Reading, Scranton, and West Chester. All eight dispensaries are operated under the Company's "Beyond/Hello" brand. The Company is permitted to open seven additional dispensaries in the Commonwealth of Pennsylvania.

Subsequent to the Company's fiscal year ended December 31, 2019, in February 2020, the Company became the sole owner of, and currently operates, two cannabis dispensaries in the State of Illinois. The dispensaries are located in Sauget (adjacent to East St. Louis) and Normal (Bloomington-Normal metro area). Both dispensaries are operated under the Company's "Beyond/Hello" brand. The Sauget dispensary began adult-use sales in March 2020, and the Normal dispensary began adult-use sales in May 2020, but would have opened for adult-use earlier if not for the delays due to COVID-19. Each dispensary is eligible to seek approval from the Illinois Department of Financial and Professional Regulation ("IDFPR") to open a second retail location.

The Company also operates a cannabidiol ("CBD") retail store at the Dent Neurologic Institute in Amherst, New York, where it sells its physician formulated hemp-derived products under its "Nira" brand. The Company also sells its Nira branded products through its e-commerce platform (niracbd.com). In addition, Nira branded products are sold throughout the U.S. in premier retailers and pharmacies. The Company utilizes third party manufacturers who produce the Nira products on behalf of the Company.

Cultivation & Production

The Company is currently engaged in cannabis cultivation and production operations in Nevada pursuant to a management services agreement by and between Production Excellence, LLC ("**Production Excellence**") and Franklin Bioscience NV, LLC ("**FBS-NV**"). FBS-NV holds medical and adult-use cannabis cultivation, processing and distribution licenses issued by the Nevada Department of Taxation ("**NV DOT**") and a hemp handler license issued by the Nevada Department of Agriculture ("**NV DOA**"). Pursuant to its licenses, FBS-NV currently engages in cultivation and production operations in North Las Vegas, Nevada, and is permitted to purchase and/or sell cannabis and cannabis products to other authorized licensees on a wholesale basis. Pursuant to the hemp handler license, FBS-NV is permitted to handle raw industrial hemp, purchase hemp-derived constituents (such as hemp-derived CBD) from licensed hemp operators, and to infuse or manufacture products containing hemp-derived constituents. FBS-NV currently operates an approximate 6,000 square foot facility that can be expanded to approximately 14,000 square feet.

Production Excellence also entered into a purchase agreement to acquire 100% equity ownership of FBS-NV, subject to state and local approvals and certain other conditions. An application for change of ownership has already been submitted with the NV DOT and is pending.

Further, through its acquisition of a majority stake in Dalitso, LLC ("**Dalitso**"), the Company expects to begin cultivation and related operations in Virginia in 2020. The Company is currently in the process of building a pharmaceutical processor facility in Prince William County, which will allow the Company to cultivate, process, dispense and deliver medical cannabis to registered patients in Virginia. It is anticipated that the facility will be approximately 90,000 square feet when completed, of which approximately 24,000 square feet will be initially built-out.

The Company is not currently engaged in any cannabis distribution or hemp cultivation activities.

Product Selection and Offerings

With respect to the Company's cannabis business, senior leaders from the business development, operations, finance, marketing, and sales teams negotiate with potential brand vendors across all product categories including flower, vape pens, oils, extracts, edibles and pre-rolls to make future product selection decisions. Leveraging managements' experience, the Company analyzes market dynamics, product quality, profit and loss, impact and consumer demand to carry out its long-term strategy in each market. With high-impact retail locations in key markets, the Company expects to be a desirable partner for nationally scaling brands and/or in-house products.

In Pennsylvania, the Company's dispensaries sell a variety of third-party cannabis products, including, cannabis dry flower, vaporizer forms of cannabis, cannabis oil in capsule, oral and sublingual solutions, cannabis in topical products, and other cannabis products.

In Illinois, the Company's dispensaries sell a variety of third-party cannabis products, including, cannabis dry flower, vaporizer forms of cannabis, cannabis oil in capsule, oral and sublingual solutions, cannabis in topical products, cannabis edible products and other cannabis products.

In Nevada, the cultivation and processing operation of FBS-NV currently sells cannabis dry flower and dry flower products, cannabis tarts, cannabis gummies, and cannabis in pressed pill form. Additionally, the Company intends to utilize its intellectual property, including trademarks, trade secrets, extraction techniques, concentrates and other proprietary information related to cannabis brands for the products created in Nevada. These brands and formulations include "The Bank" and "The Lab."

In Virginia, Dalitso has a projected product line that includes cannabis oil in capsule, oral and sublingual solutions, vaporizer forms of cannabis, cannabis in topical products, cannabis in edible products and other cannabis products.

In Ohio, the operation of the Company's provisionally licensed medical marijuana processor has a projected product line that is anticipated to include chewable tablets, swallowable pills, gummies, oral dissolving tablets, topical salves, topical salve intense moisturizing, transdermal creams and vaporizer pens.

With respect to the Company's hemp business, Nira products are physician-formulated by Dr. Laszlo Mechtler, FAAN, FAEN, FASN, the Company's Medical Director. Types of products include high-quality, hemp-based cannabidiol supplements, tinctures, soft gels, and topicals/lotions. Nira's line of CBD products, made from industrial hemp, are produced in accordance with FDA Current Good Manufacturing Practice regulations, and will be certified non-genetically modified, vegan, and gluten free.

The Company intends to eventually sell both in-house branded and third party manufactured products through its Beyond/Hello-branded retail cannabis dispensaries as well as through other channels. In addition to branded and manufactured finished products, the Company plans to sell bulk refined cannabinoids and terpenes to vendors for use in their own finished products, as its production capacity increases in certain markets. The full scale and allocation of production utilization will depend upon the scale of Company-owned and managed retail footprint in addition to the production capacity of the Company's cultivation and production facilities.

REGULATORY FRAMEWORK

In accordance with Staff Notice 51-352, below is a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where Jushi is currently indirectly involved through its subsidiaries. Jushi is indirectly engaged in the manufacture, possession, use, sale, distribution or branding of cannabis and/or holds licenses in the adult use and/or medicinal cannabis marketplace in the states of Illinois, Nevada, Pennsylvania, and Virginia. In accordance with Staff Notice 51-352, Jushi will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented and amended and made available to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation. Any non-compliance, citations or notices of violation which may have an impact on Jushi's licensing, business activities or operations will be promptly disclosed by Jushi.

The following table is intended to assist readers in identifying those parts of this prospectus that address the disclosure expectations outlined in Staff Notice 51-352 for issuers that currently have marijuana-related activities in U.S. States where

such activity has been authorized within a state regulatory framework.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Prospectus Cross-Reference
<p>All Issuers with U.S. Marijuana- Related Activities</p>	<p>Describe the nature of the issuer’s involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.</p>	<p>- <i>Jushi Holdings Inc.</i></p>
	<p>Prominently State that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.</p>	<p>- <i>Cover Page (bold typeface)</i> - <i>Regulatory Framework – Federal Regulatory Environment – Marijuana</i> - <i>Regulatory Framework – Federal Regulatory Environment – Industrial Hemp</i> - See “<i>Risk Factors – Risks Related to the Company’s Regulatory Environment – U.S. federal law and enforcement of cannabis and hemp</i>” in the AIF, incorporated by reference herein.</p>
	<p>Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the issuer conducts U.S. marijuana-related activities.</p>	<p>- <i>Cover Page (bold typeface)</i> - <i>Regulatory Framework – Federal Regulatory Environment – Marijuana</i> - <i>Regulatory Framework – Federal Regulatory Environment – Industrial Hemp</i></p>
	<p>Outline related risks including, among others, the risk that third-party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the issuer’s ability to operate in the U.S.</p>	<p>- <i>Cover Page (bold typeface)</i> - <i>Regulatory Framework – Federal Regulatory Environment – Marijuana</i> - <i>Regulatory Framework – Federal Regulatory Environment – Industrial Hemp</i> - See “<i>Risk Factors – Risks Related to the Company’s Regulatory Environment</i>” in the AIF, incorporated by reference herein. - See “<i>Risk Factors – Risks Related to the Company’s Business and Industry – U.S. border officials could deny entry into the U.S. to employees of, or investors in companies with, cannabis operations in the U.S.</i>” in the AIF, incorporated by reference herein. - See “<i>Risk Factors – Risks Related to the Company’s Business and Industry – Risks related to being deemed an investment company under the U.S. Investment Company Act</i>” in the AIF, incorporated by reference herein. - See “<i>Risk Factors – Risks Related to the Company’s Business and Industry – Risks associated with insurance in the cannabis industry</i>” in the AIF, incorporated by reference herein. - See “<i>Risk Factors – Risks Related to the Company’s Business and Industry – Legality of contracts</i>” in the AIF, incorporated by reference herein.</p>
	<p>Given the illegality of marijuana under U.S. federal law, discuss the issuer’s ability to access both public and private capital and indicate what financing</p>	<p>- See “<i>Risk Factors – Risks Related to the Company’s Regulatory Environment – Difficulty in accessing services of banks</i>”</p>

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Prospectus Cross-Reference
	options are / are not available in order to support continuing operations.	<p><i>and/or other financial institutions</i>” in the AIF, incorporated by reference herein.</p> <p>- See “<i>Risk Factors – Risks Related to the Company’s Regulatory Environment – Difficulty accessing public and private capital</i>” in the AIF, incorporated by reference herein.</p> <p>- See “<i>Risk Factors – Risks Related to the Company’s Regulatory Environment – Risks related to U.S. anti-money-laundering laws and regulations</i>” in the AIF, incorporated by reference herein.</p>
	Quantify the issuer’s balance sheet and operating statement exposure to U.S. marijuana related activities.	- <i>Jushi Holdings Inc.</i>
	Disclose if legal advice has not been obtained, either in the form of a legal opinion or otherwise, regarding (a) compliance with applicable State regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.	The Company has received and continues to receive legal input regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law in certain respects. The Company receives such advice on an ongoing basis but does not have a formal legal opinion on such matters.
U.S. Marijuana Issuers with direct involvement in cultivation or distribution	Outline the regulations for U.S. States in which the issuer operates and confirm how the issuer complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. State.	Not applicable.
	Discuss the issuer’s program for monitoring compliance with U.S. State law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the issuer is in compliance with U.S. State law and the related licensing framework. Promptly disclose any non-compliance, citations or notices of violation which may have an impact on the issuer’s licence, business activities or operations.	Not applicable.
U.S. Marijuana Issuers with indirect involvement in cultivation or distribution	Outline the regulations for U.S. states in which the issuer's investee(s) operate.	<p>- <i>Regulatory Framework – State Regulatory Environment</i></p> <p>- <i>Regulatory Framework – State Regulatory Environment – California</i></p> <p>- <i>Regulatory Framework – State Regulatory Environment – Illinois</i></p> <p>- <i>Regulatory Framework – State Regulatory Environment – Nevada</i></p> <p>- <i>Regulatory Framework – State Regulatory Environment – New Jersey</i></p> <p>- <i>Regulatory Framework – State Regulatory Environment – Ohio</i></p> <p>- <i>Regulatory Framework – State Regulatory Environment – Pennsylvania</i></p> <p>- <i>Regulatory Framework – State Regulatory Environment – Virginia</i></p> <p>- <i>Regulatory Framework – Compliance</i></p>
	Provide reasonable assurance, through either positive or negative statements, that the investee's business is	- <i>Regulatory Framework – State Regulatory</i>

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Prospectus Cross-Reference
	in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any non-compliance, citations or notices of violation, of which the issuer is aware, that may have an impact on the investee's license, business activities or operations.	<i>Environment</i> - Regulatory Framework – State Regulatory Environment – California - Regulatory Framework – State Regulatory Environment – Illinois - Regulatory Framework – State Regulatory Environment – Nevada - Regulatory Framework – State Regulatory Environment – New Jersey - Regulatory Framework – State Regulatory Environment – Ohio - Regulatory Framework – State Regulatory Environment – Pennsylvania - Regulatory Framework – State Regulatory Environment – Virginia - Regulatory Framework – Compliance
U.S. Marijuana Issuers with material ancillary involvement	Provide reasonable assurance, through either positive or negative statements, that the applicable customer's or investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	Not applicable.

In accordance with Staff Notice 51-352, below is a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where the Company is currently indirectly involved through its subsidiaries. The Company is indirectly engaged in the manufacture, possession, use, sale, distribution or branding of cannabis and/or holds licenses in the adult use and/or medicinal cannabis marketplace in the states of Illinois, Nevada, Pennsylvania, Ohio and Virginia and has filed applications for licenses to engage in the manufacture, possession, use, sale, distribution or branding of cannabis in the adult use and/or medicinal cannabis marketplace in the states of California and New Jersey. The Company also has an industrial hemp operation in the state of New York. In accordance with Staff Notice 51-352, the Company will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented, amended and made available to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation. Any non-compliance, citations or notices of violation which may have an impact on the Company's licensing, business activities or operations will be promptly disclosed by the Company.

Federal Regulatory Environment

Marijuana

Under U.S. federal law, marijuana is classified as a Schedule I drug. The CSA has five different tiers or schedules. A Schedule I drug means the Drug Enforcement Agency considers it to have a high potential for abuse, no accepted medical treatment, and lack of accepted safety for the use of it even under medical supervision. Other Schedule I drugs include heroin, LSD and ecstasy. In June 2018, the FDA approved Epidiolex, a purified form of CBD derived from the marijuana plant and used to treat two rare, intractable forms of epilepsy. The Company believes marijuana's categorization as a Schedule I drug is thus not reflective of the medicinal properties of marijuana or the public perception thereof, and numerous studies show cannabis is not able to be abused in the same way as other Schedule I drugs, has medicinal properties, and can be safely administered. In this respect, 33 states, the District of Columbia, Guam, Puerto Rico and the U.S. Virgin Islands have passed laws authorizing comprehensive, publicly available medical marijuana programs, and 11 of those states and the District of Columbia have passed laws legalizing marijuana for adult use (and several other states are actively considering such laws).

In an effort to address incongruities between marijuana prohibition under the CSA and legalization under various state laws, the federal government issued guidance to law enforcement agencies and financial institutions during the Obama

Administration through DOJ memorandum. The most recent such memorandum is a DOJ memorandum issued by Deputy Attorney General James Cole in 2013 (the “**Cole Memo**”). The Cole Memo provided guidance to federal enforcement agencies as to how they should prioritize civil enforcement, criminal investigations and prosecutions regarding marijuana in all states. The Cole Memo shielded individuals and businesses participating in state-legal marijuana operations from prosecution under federal drugs laws, excepting marijuana-related conduct that fell into one of the following enumerated prosecution priorities:

1. Preventing the distribution of marijuana to minors;
2. Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs and cartels;
3. Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
4. Preventing the state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
5. Preventing the violence and the use of firearms in the cultivation and distribution of marijuana;
6. Preventing the drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
7. Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
8. Preventing marijuana possession or use on federal property.

On January 4, 2018, then U.S. Attorney General Jeff Sessions issued the Sessions Memo, which rescinded the Cole Memo. Rather than provide nationwide guidance respecting marijuana-related crimes in jurisdictions where certain marijuana activity was legal under state law, the Sessions Memo instructs that “[i]n deciding which marijuana activities to prosecute... with the DOJ’s finite resources, prosecutors should follow the well-established principles that govern all federal prosecutions.” Namely, these include the seriousness of the offense, history of criminal activity, deterrent effect of prosecution, the interests of victims, and other principles. Former U.S. Attorney General Jeff Sessions resigned in November 2018 and was replaced by Matthew Whitaker as interim Attorney General. In February 2019, William Barr was sworn in as Attorney General. It is unclear what position Attorney General Barr will take with respect to enforcing federal drugs laws in jurisdictions with state-legal marijuana operations. However, in a written response to questions from U.S. Senator Cory Booker in connection with his confirmation, Attorney General Barr stated, “I do not intend to go after parties who have complied with state law in reliance on the Cole Memorandum.”

Despite rescission of the Cole Memo, the Company remains mindful of the common-sense prosecution priorities set forth therein and has not modified policies or procedures intended to support its underlying safety-focused intent. To this end, the Company and its operating subsidiaries adhere to industry best practices for operations, mandate strict compliance with applicable state and local laws, rules, regulations, ordinances, guidance and like authority, implement procedures designed to ensure operations do not exceed what is authorized under applicable licenses, perform stringent diligence on third-parties with whom it does business, performs background checks on employees, and maintains state-of-the-art seed-to-sale inventory tracking and other security infrastructure. Regular reviews of the foregoing and related operations, premises, documentation and the like are performed to ensure compliance with the Company’s safety, security and compliance standards.

Due to the CSA categorization of marijuana as a Schedule I drug, U.S. federal law makes it illegal for financial institutions that depend on the Federal Reserve’s money transfer system to take any proceeds from marijuana sales as deposits. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses under the Bank Secrecy Act. Under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering or conspiracy.

While there has been no change in U.S. federal banking laws to account for the trend towards legalizing medical and adult use marijuana by U.S. states, the Department of Treasury Financial Crimes Enforcement Network (“**FinCEN**”) has issued guidance in 2014 to prosecutors handling money laundering and other financial crimes advising them not to focus enforcement efforts on banks and other financial institutions servicing marijuana-related businesses so long as such

businesses are legally operating under state law and not engaging in conduct within the scope of a Cole Memo prosecution priority (such as keeping marijuana away from minors and out of the hands of organized crime). The 2014 FinCEN guidance also clarifies how financial institutions can provide services to marijuana-related businesses consistent with their Bank Secrecy Act obligations, including thorough customer due diligence, but makes it clear that they are doing so at their own risk. The customer due diligence steps include:

1. Verifying with the appropriate state authorities whether the business is duly licensed and registered;
2. Reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its marijuana-related business;
3. Requesting from state licensing and enforcement authorities available information about the business and related parties;
4. Developing an understanding of the normal and expected activity for the business, including the types of products to be sold and the type of customers to be served (e.g., medical versus adult use customers);
5. Ongoing monitoring of publicly available sources for adverse information about the business and related parties;
6. Ongoing monitoring for suspicious activity, including for any of the red flags described in this guidance; and
7. Refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk.

With respect to information regarding state licensure obtained in connection with such customer due diligence, the 2014 FinCEN guidance allows financial institutions to reasonably rely on the accuracy of information provided by state licensing authorities where states make such information available.

Unlike the Cole Memo, 2014 FinCEN guidance remains effective as of the date of this Prospectus, and Secretary Mnuchin has publicly voiced his intent to leave such guidance in force and effect. Despite FinCEN's guidance, most banks and other financial institutions are still unwilling to provide banking or other financial services to marijuana businesses resulting in largely cash-based operations. While the FinCEN guidance decreased some risk for banks and financial institutions that accept marijuana business, it has not increased the industry's access to banking services because financial institutions are required to perform extensive, continuous customer diligence respecting marijuana customers and are not immune from prosecution based transacting business with such customers. In fact, some banks that had been servicing marijuana businesses have been closing the marijuana businesses' accounts and are now refusing to open accounts for new marijuana businesses due to cost, risk, or both.

Although the Cole Memo was rescinded and FinCEN's guidance has not made financial services widely available to legal marijuana businesses, a key legislative safeguard for the medical cannabis industry remains in place. Specifically, certain temporary federal legislative enactments that protect the medical marijuana industry have also been in effect. For instance, certain marijuana businesses receive a measure of protection from federal prosecution by operation of a temporary appropriations measures that has been enacted into law as an amendment or "rider" to federal spending bills passed by Congress and signed by both Presidents Obama and Trump. First adopted in the Appropriations Act of 2015, Congress has since included in successive budgets a "rider" that prohibits the DOJ from expending any funds to enforce any law that interferes with a state's implementation of its own medical marijuana laws. The rider is known as the "Rohrbacher-Farr" Amendment after its original lead sponsors (it is also sometimes referred to as the "Rohrbacher-Blumenauer" Amendment or the Joyce-Leahy Amendment, but it is referred to in this Prospectus as "**Rohrbacher-Farr**").

Though there is no guarantee the Trump Administration or a future Administration will not change relevant federal policy, as a practical matter, the legal marijuana industry has not seen a material change in federal enforcement activities since rescission of the Cole Memo. However, it is possible existing appropriation rider protection and existing prosecutorial discretion not to enforce federal drugs laws against state-legal marijuana business could change at any time.

Finally, revenue from the Company's marijuana operations is subject to Section 280E of the Internal Revenue Service Code (the "**Code**"). Section 280E of the Code prohibits marijuana businesses from deducting ordinary and necessary business expenses, resulting in a materially higher effective federal income tax rate than businesses in other industries. Therefore, businesses in the legal cannabis industry may be less profitable than they would otherwise be in a different industry.

Industrial Hemp

On December 20, 2018, the Agricultural Improvement Act of 2018 (the “**Farm Bill**”) became law in the United States. Under the Farm Bill, industrial and commercial hemp is no longer to be classified as a Schedule I controlled substance in the United States. Hemp includes the plant *cannabis sativa L* and any part of that plant, including seeds, derivatives, extracts, cannabinoids and isomers. To qualify under the Farm Bill, hemp must contain no more than 0.3 % of delta-9-tetrahydrocannabinol (“**THC**”). The Farm Bill explicitly allows interstate commerce of hemp which will enable the transportation and shipment of hemp across state lines, thus, the Farm Bill fundamentally changed how hemp and hemp-derived products (such as those containing CBD extracted from hemp) are regulated in the U.S.

State Regulatory Environment

The following sections describe the legal and regulatory landscape in states where the Company subsidiaries currently operate or intend to operate in the near-term future. While the Company actively works to ensure all of its operations are fully compliant with applicable state and local laws, rules, regulations, licensing requirements, ordinances and other applicable governing authority, the rules and regulations as outlined below are not a comprehensive representation of all the rules that the Company and its subsidiaries are required to follow in each applicable state. Further, for reasons described above and based on the risks more fully described in the “Risk Factors” section in the AIF, incorporated by reference herein, there are significant risks associated with the Company’s business and readers are strongly encouraged to carefully review and consider all of the risks set forth and described herein.

Common State Law Requirements

Although each state has its own laws and regulations regarding the operation of cannabis businesses, certain of the laws and regulations are consistent across jurisdictions. For example, to operate legally under state laws, marijuana businesses must typically obtain a license from the state. In some states, local marijuana-specific approvals are also required. In these jurisdictions, local governments may be authorized to prohibit or otherwise impose material restrictions on cannabis operations, including by proscribing rules limiting the type(s) and/or number of license(s) allowed (such authority is in addition to ordinary and customary building, fire and land use regulatory control). In many cases, securing local approval(s) is a prerequisite to state issuance of a full or unconditional license.

License application and renewal processes are unique to each state, and as applicable, each locality. However, generally each state’s application process requires a comprehensive criminal history disclosure of key individuals (such as major shareholders, directors, officers, certain managers and other individuals to the extent they are known at the time of application (“**Key Individuals**”)), and as to the applicant entity (and often its affiliates) and such Key Individuals, marijuana licensing and compliance history, financial and personal disclosures, detailed operating plans, facility information (often including drawing and plans), security-related plans, an affirmative obligation to report changes to or deviations from information set forth in the application, and other information designed to ensure only reputable, law-abiding individuals and entities ready, willing and able to operate in compliance with applicable state laws, rules and regulations are awarded marijuana licenses.

Applicants for marijuana licenses are commonly required to submit standard operating procedures (“**SOPs**”) describing how the proposed business will secure its facility(ies), manage inventory, comply with inventory tracking requirements and other reporting obligations, effectuate safe marijuana transactions, handle waste, train employees, implement quality control measures, and perform other tasks necessary and appropriate to operate in a safe, secure, and compliant manner. SOPs submitted as part of licensing applications are typically reviewed, evaluated and ultimately approved by regulators, and must generally remain in force and effect after issuance of a license. Any material change to SOPs requires prior written regulatory approval in nearly all cases. Finally, marijuana operations are continuously subject to inspection, with or without notice, by cannabis regulators and certain authorized law enforcement agencies.

California

California Regulatory Landscape

In 1996, California was the first state to legalize medical marijuana through Proposition 215, the Compassionate Use Act (“**CUA**”). This legalized the use, possession and cultivation of medical marijuana by patients with a physician recommendation for treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine or any other

illness for which marijuana provides relief. In 2003, Senate Bill 420 was signed into law establishing an optional identification card system for medical marijuana patients.

In September 2015, the California legislature passed three bills collectively known as Medical Cannabis Regulation and Safety Act (“**MCRSA**”). MCRSA established a licensing and regulatory framework for medical marijuana businesses in California. The system created multiple license types for dispensaries, infused products manufacturers, cultivation facilities, testing laboratories, transportation companies, and distributors. Edible infused product manufacturers would require either volatile solvent or non-volatile solvent manufacturing licenses depending on their specific extraction methodology. Multiple agencies would oversee different aspects of the program and businesses would require a state license and local approval to operate. However, in November 2016, voters in California overwhelmingly passed Proposition 64, the Adult Use of Marijuana Act (“**AUMA**”) creating an adult use marijuana program for adult use 21 years of age or older. AUMA had some conflicting provisions with MCRSA, so in June 2017, the California State Legislature passed Senate Bill No. 94, known as the Medical and Adult-Use Cannabis Regulation and Safety Act (“**MAUCRSA**”), which amalgamates MCRSA and AUMA to provide a set of regulations to govern medical and adult use licensing regime for cannabis businesses in the State of California. MAUCRSA went into effect on January 1, 2018. The Bureau of Cannabis Control (“**BCC**”), the California Department of Food and Agriculture, the California Department of Public Health (“**DPH**”), and the California Department of Tax and Fee Administration all have some degree of regulatory responsibility for marijuana operations. MAUCRSA became effective on January 1, 2018.

In July 2019, California enacted A.B. 97. In relevant part, this bill authorizes licensing authorities to issue citations and fines to a licensee or an unlicensed person who violates MAUCRSA. The maximum fine is \$5,000 per violation for licensees and \$30,000 per violation for unlicensed persons. Each day of a violation constitutes a separate violation. A.B. 97 also repeals a prior requirement that an applicant for a provisional license first hold a temporary license. The bill also requires applicants for provisional licenses to submit evidence of compliance with the California Environmental Quality Act, limits the validity of a provisional license to 12 months with subsequent renewals as-approved by the relevant licensing authority, and allows licensing authorities to revoke provisional licenses for failing to diligently pursue final licensure. Finally, the bill requires the DPH to establish a certification program for manufactured cannabis products comparable to the National Organic Program and the California Organic Food and Farming Act. In October 2019, California enacted A.B. 1529. This bill mandates that all cannabis vaping cartridges and cannabis vaporizers must include a universal symbol identifying the product as a vaping product.

In order to legally operate a medical or adult use cannabis business in California, the operator must have both a local and state license. This requires license holders to operate in cities with marijuana licensing programs. Therefore, cities in California are allowed to determine the number of licenses they will issue to marijuana operators or can choose to outright ban marijuana.

California Licenses

Neither the Company nor its subsidiaries currently hold medical or adult use cannabis business licenses in the State of California. However, the Company, through subsidiaries, has applied (or intends to apply) to State and local licensing authorities for new adult use storefront licenses in limited license markets, and particularly in Southern California, or is pursuing change of ownership and/or control approval for existing enterprises in similar jurisdictions, including the City of Santa Barbara, Oxnard, Culver City, and Imperial Beach.

In California, State and local medical and adult use cannabis business licenses are renewed annually. Each year, licensees are required to submit a renewal application per guidelines published by BCC. While renewals are annual, there is no limit to the number of renewals a licensee may obtain. Assuming requisite renewal fees are paid, renewal applications are submitted in a timely manner, the establishment has not been cited for material violations, renewal applicants can anticipate approval in the ordinary course of business. However, any unexpected denials, delays or costs associated with a licensing renewal could impede planned operations and may have a material adverse effect on the Company’s business, financial condition, results of operations or prospects.

License and Regulations

Adult use retailer licenses permit the sale of cannabis and cannabis products to any individual age 21 years of age or older who do not possess a physician’s recommendation. Thus, should a Company subsidiary be awarded a license, it will be authorized to sell cannabis and cannabis products to adults over the age of 21 subject to customer presentation of a valid government-issued photo ID. As with all state-legal marijuana programs, only cannabis grown in California can be sold in

California and retail licensees may only sell cannabis products procured from a duly licensed distributor or licensed microbusiness authorized to engage in distribution. All cannabis products are subject to appropriate laboratory testing, packaging, labeling, and tracking requirements. Upon receipt, licensed retailers must confirm cannabis products have not expired, are properly packaged and bear batch numbers which correspond with tracking and laboratory analysis documentation. Cannabis and cannabis products may only be displayed for inspection and sale on the sales floor of the facility, and may only be removed from packaging for customer inspection if placed in a proper container provided by the licensee and not readily accessible without the assistance of licensee staff (who must remain with the customer throughout such inspection). Any cannabis product displayed or inspected in this manner must be destroyed following inspection or when no longer being using for display purposes and may not be sold or consumed. Retailers may only provide free cannabis products under certain, very limited circumstances and may not sell other goods, with the exception of cannabis accessories and branded merchandise.

Medicinal retailer licenses permit the sale of medicinal cannabis and cannabis products for use pursuant to the CUA, found at Section 11362.5 of the Health and Safety Code, by a medicinal cannabis patient in California who possesses a physician's recommendation. Only certified physicians may provide medicinal marijuana recommendations. The Company maintains an open, transparent and collaborative relationship with the BCC and local-level cannabis regulators.

Reporting Requirements

The state of California has selected Franwell Inc.'s METRC solution ("METRC") as the State's track-and trace ("T&T") system used to track commercial cannabis activity and movement along the legal supply chain. While METRC is interoperable with other third-party systems via application programming interface, only licensees have access to METRC itself.

Operating Procedure Requirements

Licensing applicants must submit standard operating procedures ("SOPs") describing how the operator will, among other requirements, secure the facility, manage inventory, comply with seed-to-sale requirements, dispense cannabis, and handle waste. Once SOPs approved by the governing regulating body(ies), licensees must provide their employees with SOP training and seek written approval from governing regulating bodies before materially changing their SOPs.

Site-Visits & Inspections

The BCC and its authorized representatives have broad authority, with or without notice, to inspect licensed cannabis operations, including premises, facilities, equipment, books and records (which may be copied, and such copies retained), and cannabis products. Failure to grant BCC representatives full and immediate access to facilities, property, and premises, and to cooperate with inspections and investigations may result in disciplinary action. Laws and regulations enacted by many local jurisdictions grant local cannabis governing bodies and law enforcement agencies similar inspection authority.

Storage and Security

To ensure the safety and security of cannabis facilities and operations, the BCC requires licensees to:

1. Maintain a fully operational security alarm system;
2. Contract for security guard services;
3. Maintain a video surveillance system that records continuously 24 hours a day;
4. Ensure adequate lighting is installed and maintained on and about licensed facilities;
5. Only transact business during authorized hours of operations;
6. Store cannabis and cannabis product only in areas identified for such purposes on drawings submitted to and approved by the State in connection with licensing;
7. Store all cannabis and cannabis products in a secured, locked room or a vault;
8. Report to local law enforcement within 24 hours after being notified or becoming aware of the theft, diversion, or loss of cannabis; and

9. To the extent applicable based on a licensee’s authorized scope of operations, ensure the safe transport of cannabis and cannabis products between licensed facilities, maintain a delivery manifest in any vehicle transporting cannabis and cannabis products. Only vehicles registered with the BCC, that meet BCC distribution requirements, are to be used to transport cannabis and cannabis products.

In addition to BCC storage and security requirements, local jurisdictions may have additional storage and security requirements. Such requirements, to the extent they exist, may vary from one locality to another.

Illinois

Illinois Regulatory Landscape

In January 2014, the Compassionate Use of Medical Cannabis Pilot Program Act, which allows individuals diagnosed with certain debilitating or “qualified” medical conditions to access medical marijuana, became effective. There are over 35 qualifying conditions as part of the medical program, including epilepsy, traumatic brain injury, and post-traumatic stress disorder. In January 2019, the Illinois Department of Health launched the Opioid Alternative Pilot Program, that allows individuals who have/ could receive a prescription for opioids to access to medical marijuana.

In June 2019, Illinois legalized adult use marijuana pursuant to the Cannabis Regulation and Tax Act (the “**IL Act**”). Effective January 1, 2020, Illinois residents 21 years of age and older may possess up to 30 grams of marijuana (non-residents may possess up to 15 grams). The IL Act authorizes the IDFPR to issue up to 75 Conditional Adult Use Dispensing Organization licenses before May 1, 2020 and an additional 110 conditional licenses during 2021 (no person may hold a financial interest in more than 10 Dispensing Organizations). Existing medical dispensaries were able to apply for an “Early Approval Adult Use Dispensing Organization License” to serve adult users at an existing medical dispensary or at a secondary site. The IDFPR has granted approximately 48 Early Approval Adult Use Dispensing Organization licenses to date. The IDFPR also held an application period for Conditional Adult Use Cannabis Dispensary Licenses from December 10, 2019 through January 2, 2020. Licenses from this round of applications have not yet been awarded, and the anticipated award date has been delayed due to the COVID-19 pandemic.

The Illinois Department of Agriculture (the “**IL Ag. Department**”) is authorized to make up to 30 cultivation center licenses available between the state’s medical and adult-use programs. As with existing medical dispensaries, existing cultivation centers were able to apply for an “Early Approval Adult Use Cultivation Center License.” The IL Ag. Department issued approximately 21 Early Approval Adult Use Cultivation Centers to date. No person can hold a financial interest in more than three cultivation centers, and the centers are limited to 210,000 square feet of canopy space. Cultivation center are also prohibited from discriminating in price when selling to dispensaries, craft growers, or infuser organizations. The IL Ag. Department is also permitted to license up to 40 craft growers and 40 infuser organizations by July 1, 2020 (license awards will likely be delayed due to the COVID-19 pandemic) and another 60 of each license type by the end of 2021. The IL Ag. Department recently closed an application period for craft growers, infusers, and cannabis transporters.

The IL Act imposes several operational requirements on adult-use licensees and requires prospective licensees to demonstrate their plans to comply with such requirements. For example, applicants for dispensary licenses must include an employee training plan, a security plan, recordkeeping and inventory plans, a quality control plan, and an operating plan. Applicants for craft growers must similarly submit a facility plan, an employee training plan, a security a record keeping plan, a cultivation plan, a product safety and labeling plan, a business plan, an environmental plan, and more.

Licensees must establish methods for identifying, recording, and reporting diversion, theft, or loss, correcting inventory errors, and complying with product recalls. Licensees also must comply with detailed inventory, storage, and security requirements. Cultivation licenses are subject to similar operational requirements, such as complying with detailed security and storage requirements, and must also establish plans to address energy, water, and waste-management needs. Dispensary licenses will be renewed bi-annually, and cultivation licenses, craft grower licenses, infuser organization licenses, and transporter licenses will be renewed annually.

The IL Ag. Department is authorized to promulgate, and has promulgated, regulations for cultivators, craft growers, infuser organizations, and transporting organizations. The IDFPR is authorized to regulate dispensaries but has not yet issued adult use regulations. Therefore, currently licensed adult use retail operations are governed by the IL Act and adult use retail applications submitted during the application window which closed on January 2, 2020 will be evaluated under and in accordance with the IL Act.

The Company, through its subsidiaries in the State of Illinois, is in compliance with applicable licensing in the State of Illinois.

Illinois Licenses

All medical dispensing organizations licensed by IDFPR hold registration certificates valid for a period of one year and subject to annual renewals after required fees are paid and the organization remains in good standing. Renewals are generally communicated by IDFPR through email and include a renewal form. Provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, Beyond Hello Holdings IL, LLC (“BHIL”) would expect to receive the applicable renewed license in the ordinary course of business. Any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations and could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

License and Regulations

Medical marijuana retail dispensary licenses permit BHIL to purchase cannabis and cannabis products from licensed cultivation/processing facilities and to sell cannabis and cannabis products to registered patients. The adult-use dispensing organization license permits BHIL to acquire cannabis from a licensed cultivation center, craft grower, processing organization, or another dispensary and to sell cannabis and cannabis products (and limited other items) to adult use purchasers, registered medical cannabis patients and registered caregivers.

BHIL must operate in accordance with the representations made in its license application materials. It must include its name on the packaging of any cannabis product it sells. All medical products must be obtained from an Illinois registered medical cultivation center, while all adult-use products must be obtained from a licensed adult-use cultivation center, craft grower, processing organization, or another dispensary. BHIL must inspect and document (e.g. through the State tracking system and in accordance with SOPs) all cannabis and cannabis products it acquires for resale. Any cannabis or cannabis products not properly packaged, labeled or inconsistent with State tracking records must be rejected at the time of delivery. At all times, dispensing facilities must remain in compliance with all applicable building, fire, safety and land use laws, rules and regulations, and may not operate a drive through window or offer delivery services. BHIL may only operate during approved hours and must ensure two or more employees are present during all operating hours.

Each dispensary must submit a list of all third-party vendors to the IDFPR and identify all service professionals that will work at the dispensary by name and set forth a description of the services such person will provide. No service professional may work in the dispensary until his or her name is provided to IDFPR and appears on the facility's service professional list.

BHIL may not produce or manufacture cannabis or cannabis products and may not permit on-site consumption at its facilities. BHIL may only sell cannabis or cannabis products to consumers who present a valid medical cannabis registration identification card or valid government-issued photo ID evidencing the customer is 21 years of age or older. BHIL must deal with all suppliers on the same terms and may not enter into an exclusive agreement with any supplier. Further, the company may not contract with, pay, or have a profit-sharing arrangement with third party groups involved in assisting individuals with finding a physician or completing the patient or participant application; nor may it pay a referral fee to a third-party group for sending it patients or participants. No more than 40% of its adult-use inventory may originate from a single supplier. Dispensing organizations are subject to inspections, with or without notice. Licensees are required to cooperate with such inspections and must make all records, plans, logs, reports and other operational documents available for inspection and copying upon request.

Craft grower licensees are authorized to cultivate cannabis and manufacture cannabis products (including cannabis infused products), and to sell cannabis and cannabis products to licensed adult use dispensing organizations or for use at licensed manufacturers. Transportation licensees are authorized to transport cannabis and cannabis products between licensed cannabis facilities.

Storage and Security

BHIL dispensaries must store inventory on-site in a secured and restricted-access area and enter information into the State's tracking system as required to State law and IDFPR rules. Any cannabis or cannabis products in an open or defective

package, which have expired, or which the company otherwise has reason to believe have been opened or tampered with must be segregated in secure storage until promptly and properly disposed of.

Dispensing facilities are also required to implement security measures designed to deter and prevent unauthorized entry into the facility (and restricted-access areas) and theft, loss or diversion of cannabis or cannabis products. In this respect, dispensing facilities must maintain a commercial grade alarm and surveillance system installed by an Illinois licensed private alarm contractor or private alarm contractor agency. The company must also implement various security measures, as required by law, rule regulation or SOP, designed to protect the premises, customers and dispensing organization agents (employees).

Reporting Requirements

The state of Illinois uses BioTrack THC as its inventory tracking system. All dispensing organization licensees are required to use a real-time, web-based inventory tracking/point-of-sale system that is accessible to IDFP at any time, and at a minimum, tracks date of sale, amount, price, and currency. BHIL uses BioTrack THC for both inventory management and as a point-of-sale system. Licensees are also required to track each sales transaction at the time of the sale, daily beginning and ending inventory, acquisitions (including information about the supplier and the product) and disposal.

Transportation Requirements

Currently, licensed cultivation centers may transport cannabis and cannabis products in accordance with certain guidelines; however, cultivation centers will be prohibited from transporting adult-use cannabis without obtaining a separate transporting organization license beginning on July 1, 2020. For medical marijuana, dispensing organizations must receive a copy of the shipping manifest prepared by the cultivation center in advance of transport and is required to check the product delivered against such manifest at the time of delivery. All cannabis and cannabis products must be packaged in properly labeled and sealed containers and may not be accepted by a dispensary recipient if packaging is damaged or labels are missing, damaged or tampered with.

Nevada

Nevada Regulatory Landscape

Medical marijuana use was legalized in Nevada by a ballot initiative in 2000. In November 2016, voters in Nevada passed an adult use marijuana measure to allow for the sale of adult use marijuana in the state. The first dispensaries to sell adult use marijuana began sales in July 2017. The NV DOT is the regulatory agency overseeing the medical and adult use cannabis programs. Similar to California, cities and counties in Nevada are allowed to determine the number of local marijuana licenses they will issue.

Nevada Licenses

FBS-NV holds medical and adult-use cannabis cultivation, processing and distribution licenses issued by the NV DOT and a hemp handler license issued by the NV DOA. Under applicable laws, licenses issued by the NV DOT or the NV DOA permit the applicable entities to cultivate, manufacture/process, package, sell or purchase pursuant to the terms of the license, which is issued by the NV DOT under the provisions of Nevada Revised Statutes section 453A.

All marijuana establishments must register with the NV DOT. If applications contain all required information and after vetting by officers, establishments are issued a medical marijuana establishment registration certificate. In a local governmental jurisdiction that issues business licenses, the issuance by the NV DOT of a medical marijuana establishment registration certificate is considered provisional until the local government has issued a business license for operation and the establishment is in compliance with all applicable local governmental ordinances. Final registration certificates are valid for a period of one year and are subject to annual renewals after required fees are paid and the business remains in good standing. Renewal requests are typically communicated through email from the NV DOT and include a renewal form. The renewal periods serve as an update for the NV DOT on the licensee's status toward active licensure. It is important to note that provisional licenses do not permit the operation of any commercial or medical cannabis activity. Only after a provisional licensee has gone through necessary state and local inspections, if applicable, and has received a final registration certificate from the NV DOT may an entity engage in cannabis business operation.

Any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations and could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

License and Regulations

In the State of Nevada, only cannabis that is grown in the State can be sold in the State.

Retail dispensary licenses and registration certificates permit a license holder to purchase marijuana from cultivation facilities, marijuana and marijuana products from product manufacturing facilities and marijuana from other retail stores and allows the sale of marijuana and marijuana products to consumers.

Medical cultivation licenses permit a license holder to acquire, possess, cultivate, deliver, transfer, have tested, transport, supply or sell marijuana and related supplies to medical marijuana dispensaries, facilities for the production of edible medical marijuana products and/or medical marijuana-infused products, or other medical marijuana cultivation facilities. One must have a final medical registration certificate in order to apply for adult use status. Once so licensed, adult use cultivators are authorized to perform the previously described for the adult use market.

Medical product manufacturing licenses permit a license holder to acquire, possess, manufacture, deliver, transfer, transport, supply, or sell edible marijuana products or marijuana infused products to other medical marijuana production facilities or medical marijuana dispensaries. One must have a final medical registration certificate in order to apply for adult use status. Once so licensed, adult use cultivators are authorized to perform the previously described for the adult use market.

Hemp handler licenses permit a license holder to handle raw industrial hemp, purchase hemp-derived constituents (such as hemp-derived CBD) from licensed hemp operators, and to infuse or manufacture products containing hemp-derived constituents.

Reporting Requirements

The State of Nevada uses METRC as its computerized T&T system used to track commercial cannabis on a seed-to-sale basis. Individual licensees whether, directly or through third party integration systems, are required to push data to the state to meet all reporting requirements. The Company's chosen seed-to-sale system will capture the required data points for cultivation, manufacturing and retail as required in Nevada Revised Statutes section 453A and 453D.

Storage and Security

To ensure the safety and security of cannabis business premises and to maintain adequate controls against diversion, theft, and loss of cannabis and cannabis products, FBS-NV is required to do the following:

1. Maintain an enclosed, locked facility;
2. Have a single secure entrance;
3. Train employees in security measures and controls, emergency response protocol, confidentiality requirements, safe handling of equipment, procedures for handling products, as well as the differences in strains, methods of consumption, methods of cultivation, methods of fertilization and methods for health monitoring;
4. Implement and install, at a minimum, the following security equipment and practices to deter and prevent unauthorized entrances:
 - a. devices that detect unauthorized intrusion (which may include a signal system);
 - b. exterior lighting designed to facilitate surveillance;
 - c. electronic monitoring devices, further including (without limitation):
 - i. at least one call-up monitor that is at least 19 inches in size;
 - ii. a video printer that can immediately produce a clear still photo from any video camera image;
 - iii. video cameras with a recording resolution of at least 704 x 480 that full capture all of the building's points of ingress and egress as well as all interior limited access areas such that such cameras capture and can identify any activity occurring in or adjacent to the building;

- iv. a video camera at each point-of-sale location which allows for the identification of any person who holds a valid registry identification card, including, without limitation, a designated primary caregiver, purchasing medical marijuana;
- v. a video camera in each grow room that can identify any activity occurring within the grow room in low light conditions;
- vi. a method for storing video recordings from the video cameras for at least 30 calendar days;
- vii. a failure notification system that provides an audible and visual notification of any failure in the electronic monitoring system;
- viii. sufficient battery backup for video cameras and recording equipment to support at least five (5) minutes of recording in the event of a power outage; and
- ix. a security alarm to alert local law enforcement of unauthorized breach of security; and

5. Implement security procedures that:

- a. restrict access of the establishment to only those persons/employees authorized to be there;
- b. deter and prevent theft;
- c. provide identification (badge) for those persons/employees authorized to be in the establishment;
- d. prevent loitering;
- e. require and explain electronic monitoring; and
- f. require and explain the use of automatic or electronic notifications to alert local law enforcement of any security breaches.

New Jersey

New Jersey Regulatory Landscape

New Jersey’s medical cannabis program was introduced in January 2010 when then Governor Corzine signed the New Jersey Compassionate Use Medical Marijuana Act into law which legalized medical cannabis for patients with certain enumerated qualifying conditions. Medical marijuana sales began in December 2012 and as of mid-2019, there were six licensed and operational Alternative Treatment Centers (“ATCs”) dispensing medical cannabis to patients.

In March 2018, under the direction of Governor Phil Murphy, who campaigned on a platform that included cannabis legalization, the New Jersey Department of Health (“NJ DOH”) issued the Executive Order 6 Report, which immediately expanded the medical cannabis program in numerous ways including adding chronic pain and anxiety as qualifying conditions, doubling the monthly product limit, and permitting current licensees to open satellite dispensaries. In August 2018, the NJ DOH began accepting applications for the licensing of six additional ATCs, and those licenses were awarded in December 2018. In August 2019, the NJ DOH accepted applications for the licensing of 24 additional ATCs, divvied among three regions (northern, central, southern) and three forms of endorsements (cultivation, dispensary, vertically integrated).

ATC licenses are awarded by a selection committee that evaluates applicants on the following general criteria: (1) submittal of mandatory organizational information; (2) ability to meet the overall health needs of qualified patients and safety of the public; (3) history of compliance with regulations and policies governing government-regulated marijuana programs; (4) ability and experience of applicant in ensuring an adequate supply of marijuana; (5) community support and participation; (6) ability to provide appropriate research data; (7) experience in cultivating, manufacturing, or dispensing marijuana in compliance with government-regulated marijuana programs; and (8) workforce and job creation plan. Information required to be submitted is wide-ranging, and includes identification information and background checks of principals, employees, directors, and other stakeholders, and evidence of compliance with certain state and local laws and ordinances.

ATCs are subject to a detailed regulatory scheme encompassing: security, staffing, point-of-sale systems, manufacturing standards, hours of operation, delivery, advertising and marketing, product labeling, records and reporting, and more. As with all jurisdictions, the full regulations (N.J.A.C. 8:64 et seq.) should be consulted for further information about any particular operational area. For example (and not by limitation), ATCs are subject to a number of regulations regarding their

policies, procedures, records, and reporting. For example, ATCs must develop oversight procedures; procedures to ensure safe growing and dispensing operations; security policies; inventory protocols; disaster plans; pricing standards; and crime prevention plans and must maintain careful records, including organizational charts; facility documents; supply-and-demand projections; general business records; detailed sales records; and detailed personnel and training records. ATCs must provide substantial training for their employees and must maintain an alcohol and drug-free workplace.

Licenses are renewed annually, and applications therefore must be submitted 60-days prior to expiration of the license then in force and effect. Provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations associated with the license, license holders can expect to receive a renewal in the ordinary course of business.

Licenses and Regulations

The Company has, through a subsidiary in which the Company holds a 75% ownership interest, timely submitted an ATC license application (central region) that would allow the company to cultivate, manufacture and dispense medical cannabis products. To date, no decisions have been made on ATC application submitted during the above-described application window.

Reporting Requirements

The reporting requirements for ATCs are governed by N.J.A.C. 8:64-4.3. The State of New Jersey allows ATCs to choose their method of electronic verification and a T&T system. In the course of operations, ATCs are required to conduct detailed monthly inventories and an annual comprehensive inventory. ATCs must retain records for at least two years.

Storage and Security

All ATCs are required to provide effective controls and procedures to guard against theft and diversion of marijuana including, when appropriate, systems to protect against electronic records tampering. With respect to security and inventory protocols, ATCs are required to maintain robust security and alarm systems in good working order; test and inspect such security systems; employ policies to limit unauthorized access to areas containing marijuana; adopt security protocols to protect personnel; minimize exterior access and ensure the exterior of the facility has adequate lighting; and notify the proper authorities of reportable losses, security breaches, alarm activations, and electrical failures.

Further, all ATCs must install, maintain in good working order and operate a safety and security alarm system at its authorized physical address(es) that will provide suitable protection 24 hours a day, seven days a week against theft and diversion and that provides, at a minimum: (i) immediate automatic or electronic notification to alert state or local police agencies to an unauthorized breach of security at the alternative treatment center; and (ii) a backup system that activates immediately and automatically upon a loss of electrical support and that immediately issues either automatically or electronic notification to state or local police agencies of the loss of electrical support. ATCs must also implement appropriate security and safety measures to deter and prevent the unauthorized entrance into areas containing marijuana and the theft of marijuana and security measures that protect the premises, registered qualifying patients, registered primary caregivers and principal officers, directors, board members and employees of the alternative treatment center. Each ATC must establish a protocol for testing and maintenance of the security alarm system and conduct maintenance inspections and tests of the security alarm system at the ATC's authorized location at intervals not to exceed 30 days from the previous inspection and test, and it must promptly implement all necessary repairs to ensure the proper operation of the alarm system. In the event of a failure of the security alarm system due to a loss of electrical support or mechanical malfunction that is expected to last longer than eight hours, an ATC must notify NJ DOH and either provide alternative security measures or close the affected facilities until service is restored. Finally, each ATC must equip its interior and exterior premises with electronic monitoring, video cameras, and panic buttons.

Site-Visits & Inspections

ATCs are subject to inspection by NJ DOH at any time, with or without notice. ATCs must provide immediate access to all facilities, materials, and information requested by NJ DOH. Failure to cooperate with an onsite assessment and or to provide access to the premises or information may be grounds to revoke the permit of the ATC and to refer the matter to state law enforcement agencies. If a problem is discovered, the ATC must notify NJDOH in writing, with a postmark date that is within 20 business days of the date of the notice of violations, of the corrective actions the ATC has taken to correct the violations and the date of implementation of the corrective actions.

New York (Industrial Hemp)

In December 2014, New York State enacted legislation authorizing a research-based industrial hemp program pursuant to authority granted in the U.S. Agricultural Act of 2014 (the “**Original Farm Bill**” and predecessor to the Farm Bill in which industrial hemp was initially legalized in the U.S., though legalization extended to research-related activities only). The State subsequently launched an Industrial Hemp Agricultural Research Pilot Program regulated by Department of Agriculture and Markets (“**NY DOA**”).

In December 2018, the State opened an application period for “hemp cannabis,” or industrial hemp grown and processed for cannabinoid content, and particularly for CBD.

In late 2019, the State enacted legislation that made sweeping, structural changes to the hemp program. As is relevant to the Company, processing hemp for the purpose of extracting cannabinoids and manufacturing hemp-derived cannabinoid products was removed from Ag & Mkts regulatory and moved to the State Department of Health (“**NY DOH**”), which regulates medical cannabis. State regulators have initiated the process of transitioning licensees, such as Sound Wellness, from the NY DOA to the NY DOH. This process is expected to continue through calendar year 2020. Once the transition is complete, the NY DOH is expected to promulgate hemp regulations. No significant changes to the hemp program are expected between now and when the NY DOH issues new regulations.

Ohio

Ohio Regulatory Landscape

House Bill 523, effective on September 8, 2016, legalized medical marijuana in Ohio. The Ohio Medical Marijuana Control Program (“**MMCP**”) allows people with certain medical conditions, upon the recommendation of an Ohio-licensed physician certified by the State Medical Board, to purchase and use medical marijuana. House Bill 523 required that the framework for the MMCP would be in place no later than September 2018. This timeframe allowed for a deliberate process to ensure the safety of the public and to promote access to a safe product. Sales of medical marijuana in Ohio began in January 2019.

The following three state government agencies are responsible for the operation of the MMCP: (i) the Ohio Department of Commerce is responsible for overseeing medical marijuana cultivators, processors and testing laboratories; (ii) the State of Ohio Board of Pharmacy is responsible for overseeing medical marijuana retail dispensaries, the registration of medical marijuana patients and caregivers, the approval of new forms of medical marijuana and coordinating the Medical Marijuana Advisory Committee; and (iii) the State Medical Board of Ohio is responsible for certifying physicians to recommend medical marijuana and may add to the list of qualifying conditions for which medical marijuana can be recommended. Qualifying medical conditions for medical marijuana include: HIV/AIDS, Lou Gehrig's disease, Alzheimer's disease, cancer, chronic traumatic encephalopathy, Crohn's disease, epilepsy or other seizure disorder, fibromyalgia, glaucoma, hepatitis C, inflammatory bowel disease, multiple sclerosis (MS), pain (either chronic, severe, or intractable), Parkinson's disease, PTSD, sickle cell anemia, spinal cord disease or injury, Tourette's syndrome, traumatic brain injury, ulcerative colitis. In order for a patient to be eligible to obtain medical marijuana, a physician must make the diagnosis of one of these conditions. The State of Ohio Board of Pharmacy is in the process of revising its regulations for dispensaries, for the forms and methods for administering medical marijuana, and for patients and caregivers.

Several forms of medical marijuana are legal in Ohio, these include: inhalation of marijuana through a vaporizer (not direct smoking), oils, Tinctures, plant material, edibles, patches and any other forms approved by the State Board of Pharmacy.

Ohio Licenses

Neither the Company nor its subsidiaries currently hold any medical cannabis business licenses in the state of Ohio. In June 2019, the Company, through a subsidiary, entered into a management services agreement with a provisionally licensed medical marijuana processor.

License and Regulations

To be considered for approval of a processing license, the applicant must complete all mandated requirements. To obtain a Certificate of Operation for a processing facility, the prospective licensee must be capable of operating in accordance with

Chapter 3796 of the Revised Code, the Medical Marijuana Control Program. Certificates of Operation carry two-year terms. Following issuance of a Certificate of Operation, the provisionally licensed processor will be authorized to manufacture and produce medical cannabis products.

Reporting

Ohio uses the METRC system as its seed-to-sale tracking system. Licensees are required to use METRC to push data to the State to meet all of the reporting requirements. When the provisionally licensed processor is operational, it intends to implement its tracking system to comply with the State's tracking and reporting requirements.

Storage and Security

All licensees must have a security system that remains operational at all times and that uses commercial grade equipment to prevent and detect diversion, theft or loss of medical cannabis, including:

- A perimeter alarm;
- Motion detectors; and
- Duress and panic alarms.

Video cameras must be installed at the processing facility and directed at all approved safes, approved vaults, cannabis sales areas, and any other area where plant material, medical cannabis extract, or medical cannabis products are being processed, stored or handled. Video surveillance must take place 24 hours a day, 7 days a week. Recordings from all video cameras must be readily available for immediate review by regulating and law enforcement with jurisdiction upon request and must be retained for at least 6 months.

Pennsylvania

Pennsylvania Regulatory Landscape

The Pennsylvania Medical Marijuana Act (the “**PAMMA**”) was signed into law on April 17, 2016 and originally provided access to Pennsylvania residents with one of 17 qualifying conditions, including epilepsy, chronic pain, and post-traumatic stress disorder. Retail sales began in February 2018. The Commonwealth of Pennsylvania, which consists of nearly 13 million residents and qualifies as the fifth largest population in the U.S., operates as a high-barrier market with very limited market participation. The PAMMA authorizes only a maximum of 25 grower/processing permits and 50 dispensary permits. As part of “Phase 1” of the Commonwealth's permitting process in 2017, the Pennsylvania Department of Health (the “**PA DOH**”) which administers the Commonwealth's Medical Marijuana Program, originally awarded only 12 grower/processing permits and 27 dispensary permits. Subsequently, in 2018, PA DOH conducted “Phase 2” of the permitting process, during which it awarded the remaining 13 grower/processing permits and 23 dispensary permits authorized under the PAMMA. In July of 2019, the PA DOH expanded the list of qualifying medical conditions to include anxiety disorders and Tourette syndrome, increasing the number of qualifying conditions to 23.

The Company (through its Pennsylvania subsidiaries) is in compliance with applicable licensing requirements and the regulatory framework enacted by the Commonwealth of Pennsylvania.

Pennsylvania Licenses

The Company, through certain subsidiaries, holds four dispensary permits, allowing for up to 12 medical marijuana retail dispensary locations in applicable regions within the Commonwealth of Pennsylvania.

All dispensaries must register with the PA DOH. Registration certificates are valid for a period of one year and are subject to annual renewals after required fees are paid and the business remains in good standing. Renewal requests are typically communicated through email and include a renewal form. Provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, the Company would expect its Pennsylvania subsidiaries to receive the applicable renewed license in the ordinary course of business. However, any unexpected delays or costs associated with the licensing renewal process could impede the ongoing or planned operations and could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

License and Regulations

Each retail dispensary license permits the holder to purchase marijuana and marijuana products from grower/processing facilities and allows the sale of marijuana and marijuana products to registered patients.

Site-Visits & Inspections

All licensed dispensary locations must be inspected and approved by the PA DOH before commencing liver operations. Thereafter, dispensaries are subject to PA DOH inspection, whether with or without notice.

Reporting Requirements

The Commonwealth of Pennsylvania uses MJ Freeway as a T&T system for seed-to-sale reporting. Individual permittees are required to use MJ Freeway to push data to the Commonwealth to meet all reporting requirements. The Company's subsidiaries use MJ Freeway as its in-house computerized seed-to-sale software, which integrates with the Commonwealth's MJ Freeway program and captures the required data points for cultivation, manufacturing and retail as required in the Pennsylvania medical marijuana laws and regulations.

Storage and Security

All dispensaries are required to have a locked limited access area for the storage of medical marijuana that is expired, damaged, deteriorated, mislabeled, contaminated, recalled or whose containers or packages have been opened or breached until such product is returned to the grower/processor. The Company subsidiary dispensaries maintain security systems with professional monitoring, 24-hours a day and seven days a week, and fixed cameras on the interior and exterior of the facilities in a manner consistent with Pennsylvania law. Data for surveillance systems is stored for a period of 4 years in a readily available format for investigative purposes.

Virginia

Virginia Regulatory Landscape

Virginia legalized medical marijuana for the treatment of glaucoma and cancer as part of sweeping changes to the Commonwealth's drug laws in 1979. In 2015, the Commonwealth passed legislation that provided an affirmative defense for the possession of cannabidiol or THC-A oil pursuant to a valid written certification for patient use of the oils from a physician to alleviate intractable epilepsy but made no provision for a patient to acquire these substances.

In 2017, Virginia commenced a program that allows registered patients to access and use CBD oil and THC-A oil. The enabling legislation also authorized the Commonwealth to issue 5 pharmaceutical processor licenses that allow the holder thereof to cultivate, manufacture and dispense medical cannabis from a single location. Pharmaceutical processor licenses are issued by the Virginia Board of Pharmacy (the "VA BOP") on a regional (restricted) based such that only one licensee is permitted to operate in each of 5 defined Health Service Areas across the Commonwealth. In 2018, the Commonwealth expanded the program to allow eligible practitioners to recommend medical cannabis to patients suffering from any diseases or conditions. Additionally, the law required information about dispensed oils to be reported in the Prescription Monitoring Program ("PMP") and mandated that practitioners check the PMP prior to issuing patient certifications. In March 2020, the Commonwealth further expanded the medical marijuana program by authorizing licensees to add 5 off-site dispensing locations within their Health Service Area, replacing definitions of CBD oil and THC-A oil with a single definition of "cannabis oil," and removing certain restrictions applicable to oil potency. The March 2020 legislation will become effective on July 1, 2020, at which point the VA BOP will draft regulations or otherwise begin implementing programmatic changes to effectuate the new law.

The Company, through Dalitso, is in compliance with applicable licensing requirements and the regulatory framework enacted by the Commonwealth of Virginia.

Virginia Licenses

Dalitso currently holds a conditional approval from the VA BOP to cultivate, manufacture, and dispense medical cannabis in Health Service Area II, which covers Loudon, Fairfax, Arlington and Prince William Counties from a facility currently under construction in Prince William County, Virginia.

License and Regulations

Pharmaceutical processors are required to designate a “Pharmacist in Charge” to manage its operation, and to have a supervising pharmacist on duty during all hours of operation. Numerous tasks involving the handling of CBD oil or THC-A oil (and following implementation of the March 2020 law, cannabis oil) must be performed by a pharmacist or a pharmacy technician acting under a pharmacist’s supervision. Those tasks include, for example, labeling oils, removing oils from inventory, measuring oils for dispensing, and selling oils. Pharmacists and pharmacy technicians must have current licenses, and the ratio of pharmacists to pharmacy technicians cannot exceed 6-to-1 (prior to recent legislative changes, the ratio was 4:1). The VA BOP has also imposed certain educational requirements cultivation and manufacturing processes, as well as significant employee training, both upon hire and on a regular, continuous basis thereafter.

A pharmaceutical processor must operate for a minimum of 35 hours per week. Access to the facility is limited to employees performing their job duties (who must display ID badges) and patients (and their parents or guardians). Pharmacists are required to counsel registered patients (and parents/legal guardians as applicable) about medical cannabis products, including (but not limited to) proper use and storage.

As a general matter, the VA BOP prohibits use of pesticides in cultivation (with some exception) and mandates that extraction methods meet industry standards. All medical cannabis products must be branded, tested, and registered with the VA BOP before they can be dispensed. Medical cannabis products must be packaged in child-resistant containers (with limited exceptions), properly labeled, and tested (at the batch level) by qualified independent laboratories. In the course of dispensing operations, a pharmacist or pharmacy technician must check patient identification and certification before dispensing any medical cannabis product(s) and detailed records about all dispensing transactions (along with other records) must be maintained for a period of not less than 3 years, and the licensee must implement a stringent quality assurance program designed to prevent dispensing errors. Expired, damaged or otherwise waste cannabis plant material and products must be stored in a secure manner until properly destroyed.

Storage and Security

Pharmaceutical processors are subject to a number of inventory and security requirements under Virginia law and VA BOP regulations. For example, they must: conduct an initial comprehensive inventory; establish ongoing inventory controls and procedures; conduct weekly inventory reviews; and prepare an annual inventory report (inventory records must be made available to the VA BOP and its agents for inspection and copying). All parts of the cannabis plant and medical cannabis products (whether finished or in process) must be stored in a locked and secured vault or safe with appropriate access limitations and the pharmaceutical processor must maintain a sophisticated security system that satisfies VA BOP-mandated criteria. Cannabis and cannabis products must be stored in a generally clean, sanitary, and secure area, and storage areas and related procedures are subject to a number of VA BOP requirements. Pharmaceutical processors must install and maintain a video surveillance system that captures all areas where cannabis and cannabis products (whether finished or in process) are handled or stored. Surveillance recordings must be stored for 30 days and made available for the VA BOP’s immediate review upon request. All security breaches or other events must be promptly reported to the VA BOP.

Site-Visits & Inspections

At all times, pharmaceutical processing facilities are subject to inspection by the VA BOP and certain other authorized agencies, and pharmacists and pharmacy technicians on-site must be prepared to present their current license or registration to the VA BOP or its agencies during inspections.

Reporting Requirements

Pharmaceutical processors are required to maintain an electronic tracking system comprised of an electronic radio-frequency identification seed-to-sale system capable of tracking cannabis from either the seed or immature plant stage until the CBD oil and THC-A oil are sold to a registered patient, parent, or legal guardian or until the cannabis, including the seeds, parts of plants, and extracts, are destroyed. The electronic tracking system shall include, at a minimum, a central inventory management system and standard and ad hoc reporting functions as required by the VA BOP (and must otherwise satisfy recordkeeping laws, rules and regulations).

Compliance

The Company oversees, maintains, and implements a compliance program in conjunction with its operations in each jurisdiction. In addition to the Company's legal and compliance departments, the Company has local regulatory/compliance counsel engaged in every jurisdiction (state and local) in which it operates. Together with on-site management in each jurisdiction, the Company's legal and compliance departments are responsible for ensuring operations and employees strictly comply with applicable laws, regulations, and licensing conditions and ensure that operations do not endanger the health, safety or welfare of the community. The Company designates a duly qualified and experienced manager at each location who is responsible to coordinate with operational units within each facility (to extent applicable) to ensure that the operation and all employees are following and complying with the Company's written security procedures and all regulatory compliance standards.

In conjunction with the Company's human resources and operations departments, the compliance and quality departments help oversee and implement training for all employees, including on the following topics:

- compliance with state and local laws;
- cultivation/manufacturing/dispensing/transport procedures (as applicable);
- security and safety policies and procedures;
- inventory control, T&T, seed-to-sale, and point of sale systems training (as applicable); and
- quality control.

The Company's compliance program emphasizes security and inventory control to ensure strict monitoring of cannabis (including living plants and harvested plant material) and cannabis product inventory. Only authorized, properly trained employees are allowed to access the Company's inventory management systems.

The Company's compliance department and legal team, comprised of in-house and local outside counsel, monitors all compliance notifications from the regulators and inspectors in each market, timely resolving any issues identified. The team maintains records of all compliance notifications received from the state regulators or inspectors and how and when the issue was resolved. The Company has created comprehensive standard operating procedures that include detailed descriptions and instructions for receiving shipments of inventory, inventory tracking, recordkeeping and record retention practices related to inventory, as well as procedures for performing inventory reconciliation and ensuring the accuracy of inventory tracking and recordkeeping. The Company maintains accurate records of its inventory at all licensed facilities. Adherence to the Company's standard operating procedures is mandatory and ensures that the Company's operations are compliant with the rules set forth by the applicable state and local laws, regulations, ordinances, licenses and other requirements. Training on these standard operating procedures is mandatory by all employees and defined by function and role.

The Company has developed and continues to refine a robust compliance program designed to ensure operational and regulatory requirements continue to be satisfied and has worked closely with experts and outside counsel to develop compliance procedures intended to assist the Company in monitoring compliance with U.S. state law on an ongoing basis. The Company will continue to work closely with outside counsel and other compliance experts to further develop, enhance and improve its compliance and risk management and mitigation processes and procedures in furtherance of continued compliance with the complex regulatory frameworks of the states where the Company operates. The internal compliance program currently in place includes continued monitoring by managers and executives of the Company and its subsidiaries to ensure that all operations conform to and comply with required laws, rules, regulations and SOPs. The Company further requires its operating subsidiaries to report and disclose all instances of non-compliance, regulatory, administrative, or legal proceedings that may be initiated against them.

SECONDARY SALES

Securities may be sold under this Prospectus by way of secondary offering by or for the account of certain of our securityholders. The Prospectus Supplement that we will file in connection with any offering of Securities by selling securityholders will include the following information:

- the names of the selling securityholders;
- the number or amount of Securities owned, controlled or directed of the class being distributed by each selling securityholder;
- the number or amount of Securities of the class being distributed for the account of each selling securityholder;
- the number or amount of Securities of any class to be owned, controlled or directed by the selling securityholders after the distribution and the percentage that number, or amount represents of the total number of our outstanding Securities;
- whether the Securities are owned by the selling securityholders both of record and beneficially, of record only, or beneficially only;
- the Prospectus Supplement will contain, if applicable, the disclosure required by Item 1.11 of Form 44-101F1 - *Short Form Prospectus*, and, if applicable, the selling securityholders will file a non-issuer's submission to jurisdiction form with the corresponding Prospectus Supplement; and
- all other information that is required to be included in the applicable Prospectus Supplement.

USE OF PROCEEDS

The net proceeds to the Company from any offering of Securities and the proposed use of those proceeds will be set forth in the applicable Prospectus Supplement relating to that offering of Securities. Among other potential uses, the Company may use the net proceeds from the sale of Securities for general corporate purposes, capital projects and potential future acquisitions and international expansion. In addition, the Securities may be offered and issued in consideration for the acquisition of other businesses, assets or securities by the Company or one of its subsidiaries. The consideration for any such acquisition may consist of the Securities separately, a combination of Securities or any combination of, among other things, Securities, cash and assumption of liabilities. The Company will not receive any proceeds from any sale of any Securities by the selling securityholders. Management of the Company will retain broad discretion in allocating the net proceeds of any offering of Securities by the Company under this Prospectus and the Company's actual use of the net proceeds will vary depending on the availability and suitability of investment opportunities and its operating and capital needs from time to time. All expenses relating to an offering of Securities and any compensation paid to underwriters, dealers or agents, as the case may be, will be paid out of the proceeds from the sale of Securities, unless otherwise stated in the applicable Prospectus Supplement, provided that certain expenses in any secondary offering may be paid by the Company. See "*Risk Factors - Discretion in the use of proceeds*".

The Company may, from time to time, issue securities (including Securities) other than pursuant to this Prospectus.

DESCRIPTION OF SECURITIES

The following describes the material terms of the Company's share capital and a brief summary of certain general terms and provisions of the Securities as at the date of this Prospectus. The summary does not purport to be complete, is indicative only and is qualified in its entirety by reference to, the terms and provisions of our notice of articles and articles, as amended. The specific terms of any Securities to be offered under this Prospectus, and the extent to which the general terms described in this Prospectus apply to such Securities, will be set forth in the applicable Prospectus Supplement. Moreover, a Prospectus Supplement relating to a particular offering of Securities may include terms pertaining to the Securities being offered thereunder that are not within the terms and parameters described in this Prospectus. The Securities will not include any novel derivatives or asset-backed securities as discussed under Part 4 of National Instrument 44-102 – *Shelf Distributions* ("NI 44-102").

The Company is authorized to issue an unlimited number of Subordinate Voting Shares, Multiple Voting Shares, and Super Voting Shares. As of August 26, 2020, the Company had 89,059,124 Subordinate Voting Shares, 4,000,000 Multiple Voting Shares and 149,000 Super Voting Shares issued and outstanding.

Subordinate Voting Shares, Multiple Voting Shares, and Super Voting Shares

As of August 26, 2020, the Subordinate Voting Shares collectively represent approximately 82% of our total issued and outstanding shares on an as-converted basis and approximately 32% of the voting power attached to all of our issued and outstanding shares, the Multiple Voting Shares collectively represent approximately 4% of our total issued and outstanding shares on an as-converted basis and approximately 14% of the voting power attached to all of our issued and outstanding shares and the Super Voting Shares collectively represent approximately 14% of our total issued and outstanding shares on

an as-converted basis and approximately 54% of the voting power attached to all of our issued and outstanding shares.

Voting Rights

All holders of Shares will be entitled to receive notice of any meeting of shareholders of the Company, and to attend, vote and speak at such meetings, except those meetings at which only holders of a specific class of shares are entitled to vote separately as a class under the *Business Corporations Act* (British Columbia), as amended.

On all matters upon which holders of Shares are entitled to vote:

- each Subordinate Voting Share is entitled to one vote per Subordinate Voting Share;
- each Multiple Voting Share is entitled to 10 votes per Multiple Voting Share; and
- each Super Voting Share is entitled to 1,000 votes per Super Voting Share.

Dividend Rights

Holders of Shares are entitled to receive, as and when declared by the board of directors of the Company, dividends in cash or property of Jushi. No dividend will be declared or paid on the Subordinate Voting Shares unless Jushi simultaneously declares or pays, as applicable, equivalent dividends, on an as-converted to Subordinate Voting Shares basis, on the Super Voting Shares and Multiple Voting Shares. No dividend will be declared or paid on the Multiple Voting Shares, on an as-converted to Subordinate Voting Shares basis, unless Jushi simultaneously declares or pays, as applicable, equivalent dividends, on the Subordinate Voting Shares and Super Voting Shares (on an as-converted to Subordinate Voting Share basis).

Rights Upon Dissolution or Winding Up

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntarily or involuntarily, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of Shares will, subject to the prior rights of the holder of any shares of the Company ranking in priority to the Shares, be entitled to participate ratably, on an as-converted to Subordinate Voting Share basis, along with the other holders of Shares. See “*Conversion Rights*” below.

Pre-Emptive or Redemption Rights

Holders of Shares do not have any pre-emptive or redemption rights.

Subdivision or Consolidation

No subdivision or consolidation of any class of Shares may be carried out unless, at the same time, the Subordinate Voting Shares, the Multiple Voting Shares, and Super Voting Shares, as the case may be, are subdivided or consolidated in the same manner and on the same basis, so as to preserve the relative rights of the holders of each class of Shares.

Authorization of Superior Preference Shares

Consent of the holders of a majority of the outstanding Super Voting Shares will be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Super Voting Shares.

Conversion Rights

Each Multiple Voting Share has a restricted right to convert into one Subordinate Voting Share (the “**Multiple Conversion Ratio**”). The ability to convert is subject to a restriction on beneficial ownership of Subordinate Voting Shares exceeding certain levels.

Each Super Voting Share and has a restricted right to convert into 100 Subordinate Voting Shares (the “**Super Conversion Ratio**”). The ability to convert is subject to a restriction on beneficial ownership of Subordinate Voting Shares exceeding certain levels and a restriction that the aggregate number of Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares held of record, directly or indirectly, by residents of the U.S. (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the *Securities Exchange Act of 1934*, as amended) may not exceed forty five percent (45%) of the aggregate number of Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares issued and outstanding after giving effect to such conversions.

In addition, Multiple Voting Shares and Super Voting Share shall automatically be converted in certain circumstances.

Take-Over Bid Protection

In the event that, (a) an offer is made to purchase Multiple Voting Shares or Super Voting Shares, and the offer is one (pursuant to applicable securities legislation or the rules of the stock exchange on which the Subordinate Voting Shares are then listed) which is required to be made to all or substantially all the holders of Multiple Voting Shares or Super Voting Shares; and (b) a concurrent equivalent offer is not made in respect of Subordinate Voting Shares, then each Subordinate Voting Share shall become convertible at the option of the holder into Multiple Voting Shares or Super Voting Shares, as applicable, at the inverse of the Multiple Conversion Ratio or Super Conversion Ratio, as applicable. Such conversion may only take place for the sole purpose of allowing the holders of the Subordinate Voting Shares to tender to such an offer. Any Multiple Voting Shares or Super Voting Shares, as applicable, that are tendered to the offer but that are not, for any reason, taken up and paid for by the offeror will automatically be reconverted into the Subordinate Voting Shares that existed prior to such conversion.

In the event that holders of Subordinate Voting Shares are entitled to convert their Subordinate Voting Shares into Super Voting Shares in connection with an offer as described above, holders of an aggregate of Subordinate Voting Shares of less than 100 (an “**Odd Lot**”) will be entitled to convert all but not less than all of such Odd Lot of Subordinate Voting Shares into an applicable fraction of one Super Voting Share, provided that such conversion into a fractional Super Voting Share will be solely for the purpose of tendering the fractional Super Voting Share to the offer in question and that any fraction of a Super Voting Share that is tendered to the offer but that is not, for any reason, taken up and paid for by the offeror will automatically be reconverted into the Subordinate Voting Shares that existed prior to such conversion.

Warrants

As of the date of this Prospectus, the Company has 85,456,642 warrants outstanding to (i) purchase 78,543,892 Subordinate Voting Shares, (ii) 162,750 Super Voting Shares, and (iii) 6,750,000 Multiple Voting Shares. Such outstanding warrants were issued by private placement, in connection with certain debt and capital raises by the Company, in consideration for consulting, brokerage and other services provided to the Company. The Company may issue additional Warrants, separately or together with Subordinate Voting Shares, Subscription Receipts, Debt Securities, Convertible Securities or Units, or any combination thereof, as the case may be. The specific terms and provisions that will apply to any Warrants that may be offered by us pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement. This description will include, where applicable:

- the number of Warrants offered;
- the price or prices, if any, at which the Warrants will be issued;
- the currency at which the Warrants will be offered and in which the exercise price under the Warrants may be payable;
- upon exercise of the Warrant, the events or conditions under which the amount of Securities may be subject to adjustment;
- the date on which the right to exercise such Warrants shall commence and the date on which such right shall expire;
- if applicable, the identity of the Warrant agent;
- whether the Warrants will be listed on any securities exchange;
- whether the Warrants will be issued with any other Securities and, if so, the amount and terms of these Securities;
- any minimum or maximum subscription amount;
- whether the Warrants are to be issued in registered form, “book-entry only” form, non-certificated inventory system form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;

- any material risk factors relating to such Warrants and any other Securities to be issued upon exercise of the Warrants;
- any other rights, privileges, restrictions and conditions attaching to the Warrants and the Securities to be issued upon exercise of the Warrants; and
- any other material terms or conditions of the Warrants and the Securities to be issued upon exercise of the Warrants.

The terms and provisions of any Warrants offered under a Prospectus Supplement may differ from the terms described above and may not be subject to or contain any or all of the terms described above.

Prior to the exercise of any Warrants, holders of such Warrants will not have any of the rights of holders of the Securities purchasable upon such exercise, including the right to receive payments of dividends or the right to vote such underlying securities.

Subscription Receipts

As of the date of this Prospectus, the Company has no Subscription Receipts outstanding. The Company may issue Subscription Receipts, separately or together, with Subordinate Voting Shares, Warrants, Debt Securities, Convertible Securities or Units or any combination thereof, as the case may be. The particular terms and provisions of the Subscription Receipts as may be offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement pertaining to such offering of Subscription Receipts, and the extent to which the general terms and provisions described below may apply to such Subscription Receipts will be described in the applicable Prospectus Supplement.

The Subscription Receipts may be issued under a subscription receipt agreement. The applicable Prospectus Supplement will include details of the subscription receipt agreement, if any, governing the Subscription Receipts being offered. The Company will file a copy of the subscription receipt agreement, if any, relating to an offering of Subscription Receipts with the relevant securities regulatory authorities in Canada after it has been entered into by the Company.

The specific terms and provisions that will apply to any Subscription Receipts that may be offered by us pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement. This description will include, where applicable:

- the number of Subscription Receipts offered;
- the price or prices, if any, at which the Subscription Receipts will be issued;
- the manner of determining the offering price(s);
- the currency at which the Subscription Receipts will be offered and whether the price is payable in installments;
- the Securities into which the Subscription Receipts may be exchanged;
- conditions to the exchange of Subscription Receipts into other Securities and the consequences of such conditions not being satisfied;
- the number of Securities that may be issued upon the exchange of each Subscription Receipt and the price per Security or the aggregate principal amount and the events or conditions under which the amount of Securities may be subject to adjustment;
- the dates or periods during which the Subscription Receipts may be exchanged;
- the circumstances, if any, which will cause the Subscription Receipts to be deemed to be automatically exchanged;
- provisions applicable to any escrow of the gross or net proceeds from the sale of the Subscription Receipts plus any interest or income earned thereon, and for the release of such proceeds from such escrow;
- if applicable, the identity of the Subscription Receipt agent;
- whether the Subscription Receipts will be listed on any securities exchange;
- whether the Subscription Receipts will be issued with any other Securities and, if so, the amount and terms of these Securities;
- any minimum or maximum subscription amount;
- whether the Subscription Receipts are to be issued in registered form, “book-entry only” form, non-certificated inventory system form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- any material risk factors relating to such Subscription Receipts and the Securities to be issued upon exchange of the Subscription Receipts;
- any other rights, privileges, restrictions and conditions attaching to the Subscription Receipts and the Securities to be issued upon exchange of the Subscription Receipts; and

- any other material terms or conditions of the Subscription Receipts and the Securities to be issued upon exchange of the Subscription Receipts.

The terms and provisions of any Subscription Receipts offered under a Prospectus Supplement may differ from the terms described above and may not be subject to or contain any or all of the terms described above.

Prior to the exchange of any Subscription Receipts, holders of such Subscription Receipts will not have any of the rights of holders of the Securities for which the Subscription Receipts may be exchanged, including the right to receive payments of dividends or the right to vote such underlying securities.

Debt Securities

The Company may issue Debt Securities, separately or together, with Subordinate Voting Shares, Warrants, Subscription Receipts, Convertible Securities or Units or any combination thereof, as the case may be. The particular terms and provisions of the Debt Securities as may be offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement pertaining to such offering of Debt Securities, and the extent to which the general terms and provisions described below may apply to such Debt Securities will be described in the applicable Prospectus Supplement.

The following is a brief summary of certain general terms and provisions of the Debt Securities that may be offered pursuant to this Prospectus. This summary does not purport to be complete.

Debt Securities may be offered separately or in combination with one or more other Securities. The Company may, from time to time, issue debt securities and incur additional indebtedness other than through the issuance of Debt Securities pursuant to this Prospectus.

Except as otherwise specified in the applicable Prospectus Supplement, the Debt Securities will constitute the direct, unconditional and unsecured obligations of the Company and shall rank *pari passu* and ratably without preference among themselves and *pari passu* with all other unsecured and unsubordinated obligations of the Company.

The applicable Prospectus Supplement will describe the specific terms relating to such Debt Securities and the terms of the offering, including, where applicable, some or all of the following, among other matters:

- the title of the Debt Securities;
- any limit on the aggregate principal amount of the Debt Securities and, if no limit is specified, the Company will have the right to re-open such series for the issuance of additional Debt Securities from time to time;
- the date or dates, or the method by which such date or dates will be determined or extended, on which the principal (and premium, if any) of the Debt Securities of the series is payable;
- the rate or rates at which the Debt Securities of the series will bear interest, if any, or the method by which such rate or rates will be determined, whether such interest will be payable in cash or additional Debt Securities of the same series or will accrue and increase the aggregate principal;
- amount outstanding of such series, the date or dates from which such interest will accrue, or the method by which such date or dates will be determined;
- the place or places the Company will pay principal, premium and interest, if any, and the place or places where Debt Securities can be presented for registration of transfer, exchange or conversion;
- the period or periods within which, the price or prices at which, the currency in which, and other terms and conditions upon which Debt Securities of the series may be redeemed, in whole or in part, at the option of the Company, if the Company is to have that option;
- whether the Company will be obligated to redeem, repay or repurchase the Debt Securities pursuant to any sinking or other provision, or at the option of a holder and the terms and conditions of such redemption, repayment or repurchase;
- the denominations in which the Company will issue any registered Debt Securities, if other than denominations of \$2,000 and any multiple of \$1,000 and, if other than denominations of \$5,000, the denominations in which any unregistered Debt Security will be issuable;
- the applicability of, and any changes or additions to, the provisions for defeasance;
- whether the holders of any series of Debt Securities have special rights if specified events occur;
- any deletions from, modifications of or additions to the events of default or covenants;
- whether the Company will issue the Debt Securities as unregistered securities, registered securities or both;

- the terms, if any, for any conversion or exchange of the Debt Securities for any other securities;
- whether payment of the Debt Securities will be guaranteed by any other person;
- whether the payment of principal, interest and premium, if any, on the Debt Securities will be the Company's senior, senior subordinated or subordinated obligations; and
- any other terms, conditions, rights and preferences (or limitations on such rights and preferences).

Convertible Securities

The Company may issue Convertible Securities, separately or together, with Subordinate Voting Shares, Warrants, Subscription Receipts, Debt Securities or Units or any combination thereof, as the case may be. The particular terms and provisions of the Convertible Securities as may be offered pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement pertaining to such offering of Convertible Securities, and the extent to which the general terms and provisions described below may apply to such Convertible Securities will be described in the applicable Prospectus Supplement.

The following is a brief summary of certain general terms and provisions of the Convertible Securities that may be offered pursuant to this Prospectus. This summary does not purport to be complete.

The Convertible Securities will be convertible or exchangeable into Subordinate Voting Shares and/or other Securities. The Convertible Securities convertible or exchangeable into Subordinate Voting Shares and/or other Securities may be offered separately or together with other Securities, as the case may be. The applicable Prospectus Supplement will include details of the agreement, indenture or other instrument to which such Convertible Securities will be created and issued.

Each applicable Prospectus Supplement will set forth the terms and other information with respect to the Convertible Securities being offered thereby, which may include, without limitation, the following (where applicable):

- the number of such Convertible Securities offered;
- the price at which such Convertible Securities will be offered;
- the procedures for the conversion or exchange of such Convertible Securities into or for Subordinate Voting Shares and/or other Securities;
- the number of Subordinate Voting Shares and/or other Securities that may be issued upon the conversion or exchange of such Convertible Securities;
- the period or periods during which any conversion or exchange may or must occur;
- the designation and terms of any other Convertible Securities with which such Convertible Securities will be offered, if any;
- the gross proceeds from the sale of such Convertible Securities;
- whether the Convertible Securities will be listed on any securities exchange;
- whether the Convertible Securities are to be issued in registered form, "book-entry only" form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- certain material Canadian tax consequences of owning the Convertible Securities; and
- any other material terms and conditions of the Convertible Securities.

Units

As of the date of this Prospectus, the Company has no Units outstanding. The Company may issue Units, separately or together, with Subordinate Voting Shares, Warrants, Subscription Receipts, Debt Securities or Convertible Securities or any combination thereof, as the case may be. Each Unit would be issued so that the holder of the Unit is also the holder of each Security comprising the Unit. Thus, the holder of a Unit will have the rights and obligations of a holder of each applicable Security. The specific terms and provisions that will apply to any Units that may be offered by us pursuant to this Prospectus will be set forth in the applicable Prospectus Supplement. This description will include, where applicable:

- the number of Units offered;
- the price or prices, if any, at which the Units will be issued;
- the manner of determining the offering price(s);
- the currency at which the Units will be offered;
- the Securities comprising the Units;

- whether the Units will be issued with any other Securities and, if so, the amount and terms of these Securities;
- any minimum or maximum subscription amount;
- whether the Units and the Securities comprising the Units are to be issued in registered form, “book-entry only” form, non-certificated inventory system form, bearer form or in the form of temporary or permanent global securities and the basis of exchange, transfer and ownership thereof;
- any material risk factors relating to such Units or the Securities comprising the Units;
- any other rights, privileges, restrictions and conditions attaching to the Units or the Securities comprising the Units; and
- any other material terms or conditions of the Units or the Securities comprising the Units, including whether and under what circumstances the Securities comprising the Units may be held or transferred separately.

The terms and provisions of any Units offered under a Prospectus Supplement may differ from the terms described above and may not be subject to or contain any or all of the terms described above.

CONSOLIDATED CAPITALIZATION

Since June 30, 2020, the date of the Company’s most recently filed interim financial statements, there have been no material changes to the Company’s share and loan capitalization on a consolidated basis except the following:

Date	Number of Securities	Type of Securities	Issue Price per Security (US\$)	Exercise Price per Security (US\$)
July 17, 2020	46,429	Restricted Subordinate Voting Shares ⁽¹⁾	\$1.40	N/A
August 8, 2020	37,360	Restricted Subordinate Voting Shares ⁽¹⁾	\$1.88	N/A
August 19, 2020	10,000	Subordinate Voting Shares	\$1.35	\$1.35
August 19, 2020	92,593	Subordinate Voting Shares	\$2.00	\$2.00

Notes:

- ⁽¹⁾ The Company grants restricted Subordinate Voting Shares (“**Restricted Subordinate Voting Shares**”) under its equity incentive plan to former owners of acquired businesses or assets, independent directors, management, consultants and other employees.

The applicable Prospectus Supplement will describe any material change, and the effect of such material change, on the share and loan capitalization of the Company that will result from the issuance of Securities pursuant to such Prospectus Supplement.

EARNINGS COVERAGE RATIOS

The applicable Prospectus Supplement will provide, as required, the earnings coverage ratios with respect to the issuance of Securities pursuant to such Prospectus Supplement.

PLAN OF DISTRIBUTION

We may offer and sell Securities directly to one or more purchasers through agents or through underwriters or dealers designated by us from time to time. We may distribute the Securities from time to time in one or more transactions at fixed prices (which may be changed from time to time), at market prices prevailing at the times of sale, at varying prices determined at the time of sale, at prices related to prevailing market prices or at negotiated prices. A description of such pricing will be disclosed in the applicable Prospectus Supplement. We may offer Securities in the same offering, or we may offer Securities in separate offerings.

This Prospectus may also, from time to time, relate to the offering of our Securities by certain selling securityholders. The selling securityholders may sell all or a portion of our Securities beneficially owned by them and offered thereby from time to time directly or through one or more underwriters, broker-dealers or agents. Our Securities may be sold by the selling

securityholders in one or more transactions at fixed prices (which may be changed from time to time), at market prices prevailing at the time of the sale, at varying prices determined at the time of sale, at prices related to prevailing market prices or at negotiated prices.

A Prospectus Supplement will describe the terms of each specific offering of Securities, including: (i) the terms of the Securities to which the Prospectus Supplement relates, including the type of Security being offered; (ii) the name or names of any agents, underwriters or dealers involved in such offering of Securities; (iii) the name or names of any selling securityholders; (iv) the purchase price of the Securities offered thereby and the proceeds to, and the portion of expenses borne by, the Company from the sale of such Securities; (v) any agents' commission, underwriting discounts and other items constituting compensation payable to agents, underwriters or dealers; and (vi) any discounts or concessions allowed or re-allowed or paid to agents, underwriters or dealers. The Securities may be offered and issued in consideration for the acquisition of other businesses, assets or securities by the Company or one of its subsidiaries. The consideration for any such acquisition may consist of the Securities separately, a combination of Securities or any combination of, among other things, Securities, cash and assumption of liabilities.

The Securities may be sold in transactions that are deemed to be "at-the-market distributions" as defined in NI 44-102, including sales made directly on the CSE or other existing trading markets for the Subordinate Voting Shares. In the event that the Company determines to pursue an "at-the market" offering in Canada, the Company shall apply for applicable exemptive relief from the necessary Canadian securities commissions.

If underwriters are used in an offering, the Securities offered thereby may be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions, including negotiated transactions, at a fixed public offering price or at varying prices determined at the time of sale. The obligations of the underwriters to purchase Securities, if applicable, will be subject to the conditions precedent agreed upon by the parties.

The Securities may also be sold (i) directly by the Company or the selling securityholders at such prices and upon such terms as agreed to, or (ii) through agents designated by the Company or the selling securityholders from time to time. Any agent involved in the offering and sale of the Securities in respect of which this Prospectus is delivered will be named, and any commissions payable by the Company and/or selling securityholder to such agent will be set forth, in the Prospectus Supplement. Unless otherwise indicated in the Prospectus Supplement, any agent is acting on a "best efforts" basis for the period of its appointment.

We and/or the selling securityholders may agree to pay the underwriters, broker-dealers or agents a commission for various services relating to the issue and sale of any Securities offered under any Prospectus Supplement. Underwriters, broker-dealers or agents who participate in the distribution of the Securities may be entitled under agreements to be entered into with the Company and/or the selling securityholders to indemnification by the Company and/or the selling securityholders against certain liabilities, including liabilities under securities legislation, or to contribution with respect to payments which such underwriters, dealers or agents may be required to make in respect thereof. Any public offering price and any discounts or concessions allowed or re-allowed or paid to underwriters, broker-dealers or agents may be changed from time to time.

Each class or series of Warrants, Subscription Receipts, Debt Securities, Convertible Securities and Units will be a new issue of Securities with no established trading market and unless otherwise specified in the applicable Prospectus Supplement, none of the Warrants, Subscription Receipts, Debt Securities, Convertible Securities or Units will be listed on any securities or stock exchange. Unless otherwise specified in the applicable Prospectus Supplement, there is no market through which the Warrants, Subscription Receipts, Debt Securities, Convertible Securities or Units (other than constituent Subordinate Voting Shares) may be sold and purchasers may not be able to resell Warrants, Subscription Receipts, Debt Securities, Convertible Securities or Units (other than constituent Subordinate Voting Shares) purchased under this Prospectus or any Prospectus Supplement. This may affect the pricing of the Warrants, Subscription Receipts, Debt Securities, Convertible Securities or Units in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. Subject to applicable laws, certain dealers may make a market in the Warrants, Subscription Receipts, Debt Securities, Convertible Securities or Units, as applicable, but will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given that any dealer will make a market in the Warrants, Subscription Receipts, Debt Securities, Convertible Securities or Units or as to the liquidity of the trading market, if any, for the Warrants, Subscription Receipts, Debt Securities, Convertible Securities or Units.

In connection with any offering of Securities, unless otherwise specified in a Prospectus Supplement, underwriters, broker-dealers or agents may over-allot or effect transactions which stabilize, maintain or otherwise affect the market price of

Securities offered at levels other than those which might otherwise prevail on the open market. Such transactions may be commenced, interrupted or discontinued at any time. No underwriter, broker-dealer or agent involved in an “at-the-market distribution” under this Prospectus, no affiliate of such underwriter, broker-dealer or agent, and no person or company acting jointly or in concert with such underwriter, broker-dealer or agent will over-allot Securities in connection with such distribution or effect any other transactions that are intended to stabilize or maintain the market price of the Securities.

PRIOR SALES

Information in respect of prior sales of the Subordinate Voting Shares or other Securities distributed under this Prospectus and for securities that are convertible or exchangeable into the Subordinate Voting Shares or such other Securities within the previous 12-month period will be provided, as required, in a Prospectus Supplement with respect to the issuance of the Subordinate Voting Shares or other Securities pursuant to such Prospectus Supplement.

TRADING PRICE AND VOLUME

The Subordinate Voting Shares are currently listed on the CSE under the trading symbol “JUSH” and on the OTCQB Best Market under the trading symbol “JUSHF”. Trading prices and volumes in respect of the Subordinate Voting Shares will be provided, as required, in each Prospectus Supplement.

DIVIDENDS

The Company has no dividend record and does not anticipate paying any dividends on the in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

TAX CONSIDERATIONS

Owning any of the Securities may subject holders to tax consequences. The applicable Prospectus Supplement may describe certain Canadian federal income tax considerations generally applicable to an investor acquiring, owning and disposing of any of the Securities offered thereunder, including, in the case of an investor who is not a resident of Canada, Canadian non-resident withholding tax considerations. Prospective investors should consult their own tax advisors prior to deciding to purchase any of the Securities.

RISK FACTORS

Before making an investment decision, prospective purchasers of Securities should carefully consider the information described in this Prospectus and the documents incorporated by reference herein, including the applicable Prospectus Supplement. Additional risk factors relating to a specific offering of Securities may be described in the applicable Prospectus Supplement. Some of the risk factors described herein and in the documents incorporated by reference herein, including the applicable Prospectus Supplement, are interrelated and, consequently, investors should treat such risk factors as a whole. If any event arising from these risks occurs, our business, prospects, financial condition, results of operations and cash flows, and your investment in the Securities could be materially adversely affected. Additional risks and uncertainties of which we currently are unaware or that are unknown or that we currently deem to be immaterial could have a material adverse effect on our business, financial condition and results of operation. We cannot assure you that we will successfully address any or all of these risks.

In addition to the risk factors described elsewhere herein and in the documents incorporated by reference herein, prospective investors should carefully consider the risks below together with the other information provided elsewhere in this Prospectus and the applicable Prospectus Supplement. Prospective investors should consult with their professional advisors to assess any investment in the Company.

Risks Related to the Company’s Securities

Return on Securities is not guaranteed

There is no guarantee that the Securities will earn any positive return in the short-term or long-term. A holding of Securities is speculative and involves a high degree of risk and should be undertaken only by holders whose financial resources are

sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. A holding of Securities is appropriate only for holders who have the capacity to absorb a loss of some or all of their holdings.

Discretion in the use of proceeds

Management of the Company will have broad discretion with respect to the timing and application of net proceeds received by the Company from the sale of Securities under this Prospectus or a future Prospectus Supplement and may spend such proceeds in ways that do not improve the Company's results of operations or enhance the value of the Subordinate Voting Shares or its other securities issued and outstanding from time to time. As a result, purchasers will be relying on the ongoing judgment of management as determined from time to time for the application of the proceeds of any such offering. The results and the effectiveness of the application of the net proceeds are uncertain. Any failure by management to apply these funds effectively could result in financial losses that could have a material adverse effect on the Company's business or cause the price of the securities of the Company issued and outstanding from time to time to decline. The Company will not receive any proceeds from any sale of any Securities by selling securityholders in a secondary offering.

Dilution

The offering price of Subordinate Voting Shares or other Securities that are convertible or exchangeable into Subordinate Voting Shares may significantly exceed the net tangible book value per share of the Subordinate Voting Shares. Accordingly, a purchaser of Subordinate Voting Shares or other Securities that are convertible or exchangeable into Subordinate Voting Shares may incur immediate and substantial dilution of his, her or its investment. If outstanding options and warrants to purchase Subordinate Voting Shares are exercised or securities convertible into Subordinate Voting Shares are converted, additional dilution will occur. The Company may sell additional Subordinate Voting Shares or other securities that are convertible or exchangeable into Subordinate Voting Shares in subsequent offerings or may issue additional Subordinate Voting Shares or other securities to finance future acquisitions. The Company cannot predict the size or nature of future sales or issuances of securities or the effect, if any, that such future sales and issuances will have on the market price of the Subordinate Voting Shares. Sales or issuances of substantial numbers of Subordinate Voting Shares or other securities that are convertible or exchangeable into Subordinate Voting Shares, or the perception that such sales or issuances could occur, may adversely affect prevailing market prices of the Subordinate Voting Shares. With any additional sale or issuance of Subordinate Voting Shares or other securities that are convertible or exchangeable into Subordinate Voting Shares, investors will suffer dilution to their voting power and economic interest in the Company. Furthermore, to the extent holders of the Company's stock options or other convertible securities convert or exercise their securities and sell the Subordinate Voting Shares they receive, the trading price of the Subordinate Voting Shares on the CSE and OTCQB Best Market may decrease due to the additional amount of Subordinate Voting Shares available in the market.

Liquidity

There is currently no market through which the Securities, other than the Subordinate Voting Shares, may be sold and, unless otherwise specified in the applicable Prospectus Supplement, none of the Warrants, Subscription Receipts, Debt Securities, Convertible Securities or Units (other than in respect of constituent Subordinate Voting Shares) will be listed on any securities or stock exchange or any automated dealer quotation system. As a consequence, purchasers may not be able to resell Warrants, Subscription Receipts, Debt Securities, Convertible Securities or Units purchased under this Prospectus or any Prospectus Supplement. This may affect the pricing of the Securities, other than the Subordinate Voting Shares, in the secondary market, the transparency and availability of trading prices, the liquidity of these securities and the extent of issuer regulation. There can be no assurance that an active trading market for the Securities, other than the Subordinate Voting Shares, will develop or, if developed, that any such market, including for the Subordinate Voting Shares, will be sustained.

Impact on resales into the United States

The Subordinate Voting Shares have not been, and may never be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"). As such, the Subordinate Voting Shares may be offered only to non-U.S. persons (as defined in Regulation S under the U.S. Securities Act) outside the United States in transactions exempt from the registration requirements of the U.S. Securities Act in reliance on Regulation S, to qualified institutional buyers (as defined in Rule 144A under the U.S. Securities Act) in the United States pursuant to Rule 144A under the U.S. Securities Act, or otherwise in transactions that are exempt from the registration requirements set forth under the U.S. Securities Act. Accordingly, the Subordinate Voting Shares may be "restricted securities" as defined in Rule 144 under the U.S. Securities

Act. The Subordinate Voting Shares may not be able to be offered, sold or delivered in the United States or to, or for the account or benefit of, any U.S. person, unless the transfer is registered under the U.S. Securities Act. The Company has no current intention to register the Subordinate Voting Shares under the U.S. Securities Act. If the Company does not register the Subordinate Voting Shares under the U.S. Securities Act, its shareholders will face restrictions in re-sale of the Subordinate Voting Shares, particularly in the United States or to U.S. persons. The Subordinate Voting Shares may bear a legend describing restrictions on transfer to U.S. persons and prohibiting hedging transactions in the Subordinate Voting Shares unless in compliance with the U.S. Securities Act.

Non-compliance with Regulation S under the U.S. Securities Act

Subordinate Voting Shares may be offered and sold in an offshore transaction pursuant to Rule 902 under the U.S. Securities Act, and such Subordinate Voting Shares may qualify as Category 1 securities under Rule 903 of Regulation S. Should the U.S. Securities Exchange Commission (“SEC”) determine that the Company did not comply with the requirements of Regulation S in respect of such an offering, the secondary market in the Subordinate Voting Shares could be adversely affected. In such case, the Company may be required to register its Subordinate Voting Shares with the SEC, which would entail significant expense to the Company and a significant amount of time on behalf of the Company’s directors and senior management. Furthermore, the Company and its directors could also be subject to criminal, civil or administrative proceedings.

INTERESTS OF EXPERTS

The following persons or companies are named as having prepared or certified a report, valuation, statement or opinion in this Prospectus, either directly or in a document incorporated herein by reference, and whose profession or business gives authority to the report, valuation, statement or opinion made by the expert.

MNP LLP is the auditor of the Company. MNP LLP has confirmed that it is independent of the Company within the meaning of the Chartered Professional Accountants of Ontario Code of Professional Conduct. MGO has confirmed that it is independent of the Company within the meaning of the Rules of Professional Conduct of the American Institute of Certified Professional Accountants.

LEGAL MATTERS

Unless otherwise specified in a Prospectus Supplement relating to any Securities offered, certain legal matters relating to an offering of Securities will be passed upon by Stikeman Elliott LLP on behalf of the Company. Duane Morris LLP (Philadelphia, Pennsylvania) has acted as U.S. regulatory counsel to the Company in respect of certain matters. As at the date hereof, the partners and associates of each of Stikeman Elliott LLP, and Duane Morris LLP, as respective groups, beneficially own, directly or indirectly, less than 1% of the outstanding Shares.

In addition, certain legal matters in connection with any offering of Securities will be passed upon for any underwriters, dealers or agents by counsel to be designated at the time of the offering by such underwriters, dealers or agents, as the case may be.

AUDITORS, REGISTRAR AND TRANSFER AGENT

Our auditors are MNP LLP, located at 111 Richmond Street West, Suite 300, Toronto, Ontario M5H 2G4. MNP LLP is independent with respect to the Company within the meaning of the Chartered Professional Accountants of Ontario Code of Professional Conduct.

The transfer agent and registrar of the Company is Odyssey Trust Company, located at the United Kingdom Building, 323-409 Granville Street, Vancouver, British Columbia V6C 1T2.

PURCHASERS' STATUTORY AND CONTRACTUAL RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus

or a prospectus supplement relating to the securities purchased by a purchaser and any amendments thereto. In several of the provinces, the securities legislation further provides the purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus or a prospectus supplement relating to the securities purchased by a purchaser and any amendments thereto contain a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal advisor.

In addition, original purchasers of convertible, exchangeable or exercisable Securities (unless the Securities are reasonably regarded by the Company as incidental to the applicable offering as a whole) will have a contractual right of rescission against the Company in respect of the conversion, exchange or exercise of the convertible, exchangeable or exercisable Security. This contractual right of rescission will be consistent with the statutory right of rescission described under section 130 of the *Securities Act* (Ontario) (the "**Securities Act**") and is in addition to any other right or remedy available to original Canadian purchasers under Section 130 of the Securities Act or otherwise by law.

The contractual right of rescission will be further described in any applicable Prospectus Supplement, but will, in general, entitle such original purchasers to receive the amount paid for the applicable convertible, exchangeable or exercisable Security (and any additional amount paid upon conversion, exchange or exercise) upon surrender of the underlying Securities acquired thereby, in the event that this Prospectus (as supplemented or amended) contains a misrepresentation, provided that (i) the conversion, exchange or exercise takes place within 180 days of the date of the purchase of the convertible, exchangeable or exercisable Security under this Prospectus, and (ii) the right of rescission is exercised within 180 days of the date of the purchase of the convertible, exchangeable or exercisable Security under this Prospectus.

In an offering of convertible, exchangeable or exercisable Subscription Receipts, Convertible Securities or Warrants, investors are cautioned that the statutory right of action for damages for a misrepresentation contained in the Prospectus is limited, in certain provincial securities legislation, to the price at which convertible, exchangeable or exercisable Subscription Receipts, Convertible Securities or Warrants are offered to the public under the prospectus offering. This means that, under the securities legislation of certain provinces, if the purchaser pays additional amounts upon the conversion, exchange or exercise of the Security, those amounts may not be recoverable under the statutory right of action for damages that applies in those provinces. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of this right of action for damages or consult with a legal advisor.

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS

The Company's directors and officers, namely James Cacioppo, Erich Mauff, Kimberly Bambach, Max Cohen, Benjamin Cross, Stephen Monroe, Peter Adderton and Louis J. Barack reside outside of Canada. Each of these persons has appointed Stikeman Elliott LLP, 5300 Commerce Court West, 199 Bay Street, Toronto, Ontario M5L 1B9, as agent for service of process.

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if the party has appointed an agent for service of process.

PROMOTERS

Each of (i) James Cacioppo, Co-Founder, Chairman and Chief Executive Officer of the Company, (ii) Erich Mauff, Co-Founder and Co-President of the Company, and (iii) Jon Barack, Founder and Co-President of the Company may be considered promoters of the Company within the meaning of Canadian securities legislation. As of the date hereof, these individuals, either directly or indirectly, own, control or direct the number of Super Voting Shares and Subordinate Voting Shares of the Company and options or warrants to purchase securities of the Company set forth in the table below.

Name of Promoter	Number of each class of securities of the Company owned, controlled or directed, directly or indirectly	Percentage of each class of securities of the Company owned, controlled or directed, directly or indirectly	Number of options or warrants to purchase securities of the Company owned, controlled or directed, directly or indirectly
James Cacioppo	114,000 Super Voting Shares	76.51%	127,750 Warrants to purchase Super Voting Shares

	1,789,289 Subordinate Voting Shares	2.01%	2,385,000 Options to purchase Subordinate Voting Shares 8,359,817 Warrants to purchase Subordinate Voting Shares
Erich Mauff	20,000 Super Voting Shares	13.42%	20,000 Warrants to purchase Super Voting Shares
	1,913,706 Subordinate Voting Shares	2.15%	1,670,000 Options to purchase Subordinate Voting Shares 773,842 Warrants to purchase Subordinate Voting Shares
Jon Barack	15,000 Super Voting Shares	10.07%	15,000 Warrants to purchase Super Voting Shares
	950,898 Subordinate Voting Shares	1.07%	793,000 Options to purchase Subordinate Voting Shares 50,000 Warrants to purchase Subordinate Voting Shares

Mr. Cacioppo, as CEO, and Mr. Mauff, as Co-President, earned \$1,000,000 and \$741,667, respectively, as compensation from Jushi in 2019. In addition to monetary compensation, Mr. Cacioppo and Mr. Mauff were also issued 2,385,000 and 1,670,000 options to purchase Subordinate Voting Shares, respectively. Further details about Mr. Cacioppo's and Mr. Mauff's compensation can be found in the Circular. Other than as set forth herein, neither Mr. Cacioppo nor Mr. Mauff is entitled to any additional money, property, contracts, options or rights of any kind from Jushi or from a subsidiary of Jushi.

CERTIFICATE OF JUSHI HOLDINGS INC.

Dated: August 27, 2020

This short form prospectus, together with the documents incorporated in this Prospectus by reference, will, as of the date of the last supplement to this Prospectus relating to the securities offered by this Prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus and the supplement(s) as required by the securities legislation of each of the provinces of Canada (except Quebec).

(Signed) *JAMES CACIOPPO*
James Cacioppo
Chairman and Chief Executive Officer

(Signed) *ERICH MAUFF*
Erich Mauff
Co-President and Director

On behalf of the Board of Directors

(Signed) *STEPHEN MONROE*
Stephen Monroe
Director

(Signed) *BENJAMIN CROSS*
Benjamin Cross
Director

CERTIFICATE OF THE PROMOTERS

Dated: August 27, 2020

This short form prospectus, together with the documents incorporated in this Prospectus by reference, will, as of the date of the last supplement to this Prospectus relating to the securities offered by this Prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this Prospectus and the supplement(s) as required by the securities legislation of each of the provinces of Canada (except Quebec).

(Signed) *JAMES CACIOPPO*
James Cacioppo

(Signed) *ERICH MAUFF*
Erich Mauff

(Signed) *JON BARACK*
Jon Barack