

Jushi

JUSHI HOLDINGS INC.

Annual Information Form

For the Financial Year Ended December 31, 2020

Dated June 4, 2021



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ANNUAL INFORMATION FORM

In this AIF, unless otherwise noted or if the context indicates otherwise, the “**Company**”, “**Jushi**”, “**we**”, “**us**”, and “**our**” refer to Jushi Holdings Inc. and its subsidiaries. The information contained herein is dated as of December 31, 2020, unless otherwise stated.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This AIF includes “forward-looking information” and “forward-looking statements” (collectively, “forward-looking information”) within the meaning of applicable securities laws, including Canadian securities laws and United States securities laws. All information, other than statements of historical facts, included in this AIF,

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:

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- the business and future activities of, and developments related to, the Company after the date of this AIF, 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 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 continued performance of existing operations;
- the anticipated opening of additional dispensaries, subject to licensing and other approvals;
- the expansion and optimization of the grower-processor facilities in Pennsylvania, Nevada, and Virginia;
- the opening of a new facility in Ohio and dispensaries in California, Virginia, and Pennsylvania, each of which are subject to licensing and other approvals;
- 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;
- the impact of the novel coronavirus disease (“COVID-19”) on the Company’s business;
- 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 AIF 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.

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A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking information. See below under "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 AIF 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.

Market and Industry Data

This AIF includes 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 AIF or ascertained the underlying economic assumptions relied upon by such sources.

Currency and Accounting Standards

Unless otherwise indicated, all references to “\$” or “US\$” in this AIF refer to United States dollars, all references to “C\$” in this AIF refer to Canadian dollars, and all financial information is prepared in using International Financial Reporting Standards as issued by the International Accounting Standards Board.

GLOSSARY OF TERMS

In this AIF, unless otherwise indicated or the context otherwise requires, the following terms shall have the indicated meanings. Words importing the singular include the plural and vice versa and words importing any gender include all genders. A reference to an agreement means the agreement as it may be amended, supplemented or restated from time to time.

“*10% Senior Secured Notes due January 15, 2023*” means those certain 10% Senior Secured Notes due January 15, 2023 designated pursuant to the Trust Indenture.

“*2020 Financial Statements*” means the Company’s audited financial statements for the year ended December 31, 2020.

“*Agape*” means Agape Total Health Care Inc., a wholly-owned subsidiary of Jushi Inc.

“*AIF*” means this Annual Information Form.

“*ATC*” means Alternative Treatment Center.

“*AUMA*” means the California Adult Use of Marijuana Act.

“*Base Shelf Prospectus*” means the final base shelf prospectus of the company dated October 9, 2020.

“*BCBCA*” means the *Business Corporations Act* (British Columbia).

“*BCC*” means the California Bureau of Cannabis Control.

“*BHIL*” means Beyond Hello IL Holdings, LLC, a wholly-owned subsidiary of Jushi Inc.

“*Board*” means the board of directors of the Company.

“*Business Combination*” means that certain reverse takeover transaction completed on June 6, 2019 between Tanzania and Jushi Inc.

“*CBD*” means cannabidiol.

“*CBP*” means United States Customs and Border Protection.

“*CDC*” means the United States Center for Disease Control and Prevention.

“*CDS*” means CDS Clear and Depository Services Inc.

“*Circular*” means the Company’s management information circular dated May 4, 2020.

“*Clinic IP*” means the intellectual property of HMS, including trademarks, trade secrets, extraction techniques, concentrates and other proprietary information related to cannabis brands including The Clinic Consulting Services™, The Bank™, and The Lab™.

“*Code*” means the United States Internal Revenue Code of 1986.

“*Cole Memo*” means a DOJ memorandum issued by Deputy Attorney General James Cole in 2013.

“*Company*”, “*Jushi*”, “*we*”, “*us*”, and “*our*” means Jushi Holdings Inc. and its subsidiaries.

“*Congress*” means the United States Congress.

“*CSA*” means the United States Controlled Substances Act (21 U.S.C. § 811).

“*CSE*” means the Canadian Securities Exchange.

“*CUA*” means *Compassionate Use Act* (California).

“*CUMMA*” means the New Jersey Compassionate Use Medical Marijuana Act.

“*Dalitso*” means Dalitso LLC, a wholly-owned subsidiary of Jushi VA and pharmaceutical processor permitted by the Virginia Board of Pharmacy.

“*Debt Financing*” means that certain debt financing undertaken by the Company announced on December 23, 2019.

“*Debt Warrants*” means warrants issued by the Company in connection with the Debt Financing.

“*DOJ*” means the United States Department of Justice.

“*DPH*” means the California Department of Public Health.

“*Farm Bill*” means the United States Agricultural Improvement Act of 2018.

“*FBS-NV*” means Franklin Bioscience NV, LLC.

“*FBS-Penn*” means Franklin Bioscience – Penn, LLC, a wholly-owned subsidiary of Jushi Inc.

“*FDA*” means the United States Food and Drug Administration.

“*FDCA*” means the United States the Federal Food, Drug and Cosmetic Act.

“*FinCEN*” means the United States Department of Treasury Financial Crimes Enforcement Network.

“*Founders*” means James Cacioppo, Erich Mauff and Louis Jonathan Barack.

“*GSG*” means GSG SBCA, Inc., a wholly-owned subsidiary of Jushi Inc.

“*HMS*” means HMS, LLC.

“*ICA*” means the United States Investment Company Act.

“*IDFPR*” means the Illinois Department of Financial and Professional Regulation.

“*IL Act*” means the Illinois Cannabis Regulation and Tax Act.

“*IL DOA*” means the Illinois Department of Agriculture.

“*Initial Subscriptions*” means the initial binding subscriptions received by the Company in connection with the Debt Financing.

“*Jushi Inc*” means Jushi Inc, a Delaware corporation.

“*Jushi Inc Class A Common Stock*” means the Class A common stock of Jushi Inc.

“*Jushi Inc Class B Common Stock*” means the Class B common stock of Jushi Inc.

“*Jushi IP*” means Jushi IP, LLC, a wholly-owned subsidiary of Jushi Inc.

“*Jushi VA*” means Jushi VA, LLC, a wholly-owned subsidiary of Jushi Inc.

“*Key Individuals*” means major shareholders, directors, officers, certain managers and other individuals to the extent they are known at the time of application.

“*Listing Date*” means June 10, 2019.

“*Manassas Facility*” means the facility in Manassas, Virginia owned and operated by Dalitso.

“*MAUCRSA*” means the California Medical and Adult-Use Cannabis Regulation and Safety Act.

“*MCRSA*” means three bills passed by the California legislature collectively known as the Medical Cannabis Regulation and Safety Act.

“*METRC*” means Franwell Inc.’s METRC solution.

“*MFN*” means the Most Favored Nation clause in certain of the Tranche 1 Senior Notes offering documents;

“*Grover Beach*” means Milkman LLC, a subsidiary of Jushi Inc.

“*MMCP*” means the Ohio Medical Marijuana Control Program.

“*MOU*” means the memorandum of understanding by and among the TMX Group, the Neo Exchange, the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange.

“*MSO*” means an organization engaging in regulated adult use and/or medicinal cannabis operations in multiple states of the United States of America.

“*Neo Exchange*” means the stock exchange operated by The Neo Exchange Inc. (formerly the Aequitas Neo Exchange Inc.).

"*Nature's Remedy*" means Nature's Remedy of Massachusetts, Inc. and certain of its affiliates.

"*NI 52-110*" means Canadian National Instrument 52-110 – Audit Committees.

"*NJ DOH*" means the New Jersey Department of Health.

"*NV CCB*" means Nevada Cannabis Compliance Board

"*NV DOA*" means the Nevada Department of Agriculture.

"*NV DOT*" means the Nevada Department of Taxation.

"*NY DOA*" means the New York Department of Agriculture and Markets.

"*NY DOH*" means the New York State Department of Health.

"*Odd Lot*" means an aggregate of Subordinate Voting Shares of less than 100.

"*OECA*" means One East Capital Advisors, LP, of which James Cacioppo is a Managing Partner.

"*OEMS*" means One East Management Services, LLC, a wholly-owned subsidiary of OECA.

"*OEMS Services Agreement*" means that certain services agreement by and between the Company and OEMS, dated July 20, 2018, as amended, pursuant to which OEMS provides the company with, among other things, sourcing and assisting in mergers and acquisitions and capital transactions.

"*Ohio MMP*" means a provisionally licensed medical marijuana processor organized under the laws of the state of Ohio.

"*OID Notes*" means original issue discount senior secured notes issued by the Company in connection with the Debt Financing to subscribers electing not to receive Debt Warrants.

"*Online Platform*" means the age-gated online educational platform for patients and customers operated by the Company (www.beyond-hello.com).

"*Option 1*" means the option provided to holders of Tranche 1 Senior Secured Notes to retain their current offering documents, including the 10% Senior Secured Notes, and warrants, if applicable, with an unmodified MFN clause and continued down-round price protection.

"*Option 2*" means the option provided to holders of Tranche 1 Senior Secured Notes to exchange their offering documents for the new offering documents with revised terms including an increased number of warrants based on 75% warrant coverage with a strike price of \$1.25; but with a substantially narrowed MFN and no down-round price protection going forward.

"*Original Farm Bill*" means the United States Agricultural Act of 2014.

"*OSD*" means Organic Solutions of the Desert, LLC, a California limited liability company.

"*PA DOH*" means Pennsylvania Department of Health.

“*PAMMA*” means the Pennsylvania Medical Marijuana Act.

“*PAMS*” means Pennsylvania Medical Solutions, LLC., a wholly-owned subsidiary of Jushi Inc.

“*PADS*” means Pennsylvania Dispensary Solutions, LLC., a wholly-owned subsidiary of Jushi Inc.

“*Pennsylvania Facility*” means grower-processor facility operated by the Company in Scranton, Pennsylvania.

“*PMP*” means the Virginia Prescription Monitoring Program.

“*Production Excellence*” means Production Excellence, LLC, a wholly-owned indirect subsidiary of Jushi Inc.

“*Rohrbacher-Farr Amendment*” means a “rider” to United States federal spending bills passed by Congress 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 also known as the “Rohrbacher-Blumenauer Amendment” or the “Joyce-Leahy Amendment”, but is referred to in this AIF solely as the “Rohrbacher-Farr Amendment”.

“*Sessions Memo*” means a DOJ memorandum issued by then U.S. Attorney General Jeff Sessions.

“*SFN*” means San Felasco Nurseries Inc.

“*SOP*” means standard operating procedures.

“*Sound Wellness*” means Sound Wellness, LLC, a wholly-owned subsidiary of Jushi Inc.

“*ST2*” means ST2, LLC, a wholly-owned subsidiary of OECA.

“*ST2 Services Agreement*” means that certain services agreement by and between the Company and ST2, dated December 2, 2019, for the shared costs of administrative services for James Cacioppo.

“*Staff Notice 51-352*” means the Canadian Securities Administrators staff notice 51-352 (Revised) – Issuers with U.S. Marijuana-Related Activities.

“*T&T*” means track-and-trace.

“*Tanzania*” means Tanzania Minerals Corp.

“*TGSNF*” means TGS National Franchise, LLC., formerly a wholly-owned subsidiary of TGS National Holdings, LLC.

“*TGS National Principals*” means the principals of TGSNH.

“*TGS Settlement Agreement*” means a settlement agreement by and among Jushi Inc, the TGS National Principals and certain other parties thereto.

“*TGSIH*” means TGS Illinois Holdings LLC.

“*TGSNH*” means TGS National Holdings, LLC, formerly a majority-owned subsidiary of Jushi Inc.

“*THC*” means tetrahydrocannabinol.

“*Tranche 1 Senior Notes*” means certain of the 10% Senior Secured Notes issued in connection with the first tranche of the Company’s debt offering via private placement announced in December 2019.

“*Trust Indenture*” means that certain Trust Indenture by and between the Company and Odyssey Trust Company, dated November 20, 2020, regarding the 10% Senior Secured Notes due January 15, 2023.

“*USDA*” means the United States Department of Agriculture.

“*VA BOP*” means the Virginia Board of Pharmacy.

“*Warrant Notes*” means senior secured notes issued by the Company in connection with the Debt Financing to subscribers electing to receive Debt Warrants.

CORPORATE STRUCTURE

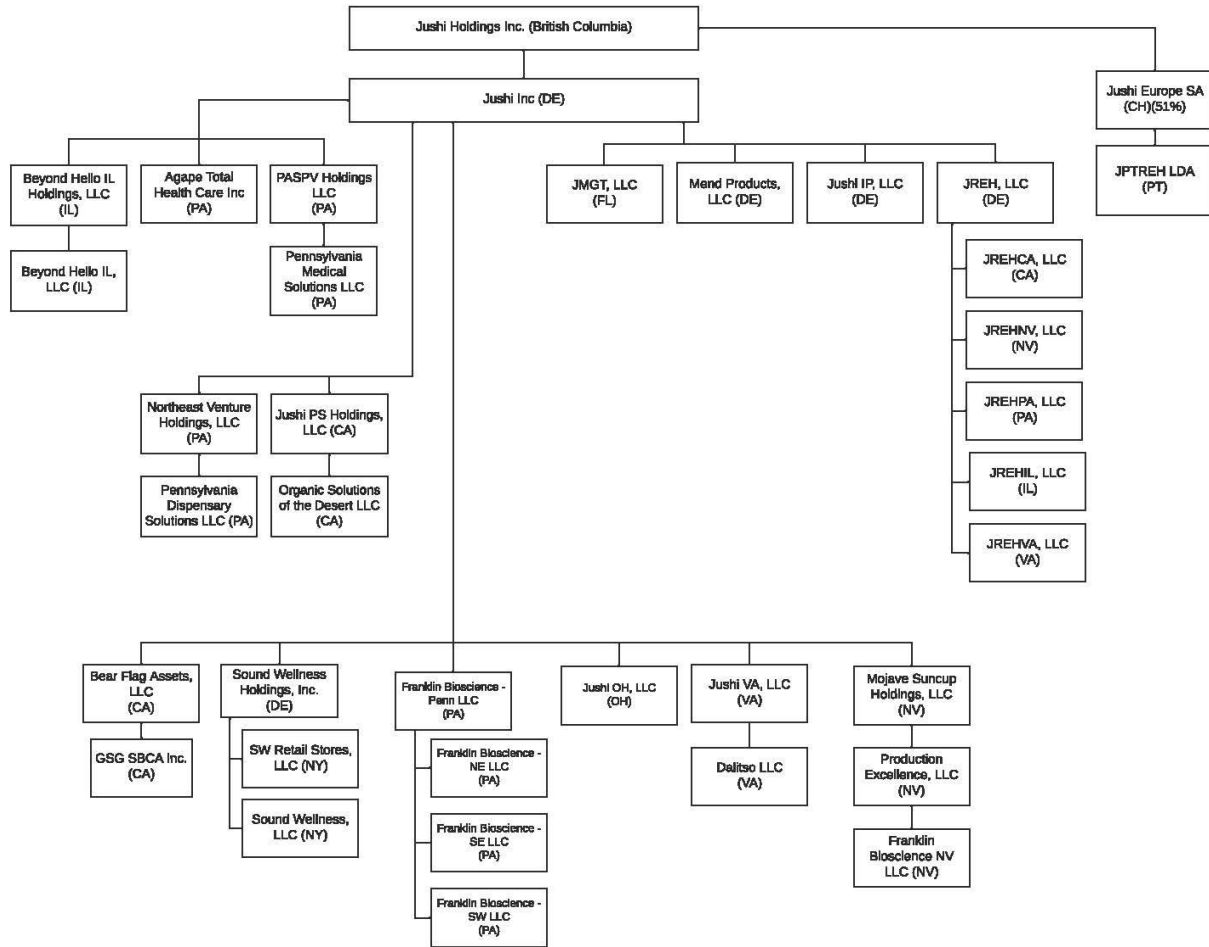
Name, Address, and Incorporation

Jushi Holdings Inc. was incorporated in the Province of British Columbia under the BCBCA. Jushi Holdings Inc. was formed through the Business Combination. Jushi Inc was incorporated under the laws of Delaware on January 23, 2018. Tanzania was incorporated pursuant to the provisions of the BCBCA on June 29, 2007 under the name “Hill Top Resources Corp”. Hill Top Resources Corp altered its notice of articles to change its name to “Tanzania Minerals Corp.” on September 7, 2010 and Tanzania altered its notice of articles to change its name to “Jushi Holdings Inc.” following the Business Combination.

The Company’s head office is located at 301 Yamato Road Suite 3250, Boca Raton, FL 33431, and the Company’s registered address is Suite 1700, Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2X8.

Intercorporate Relationships

The organizational chart of the Company and its material subsidiaries, including the percentage of voting securities of each material subsidiary held by the Company, either directly or indirectly, and their respective jurisdictions of incorporation, continuance, formation or organization as at the date of this AIF, is set forth below. Unless otherwise noted in the box containing the name of the applicable subsidiary, the parent of such subsidiary owns 100% of the outstanding securities of such subsidiary.



GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

Incorporation

Jushi Inc was incorporated under the laws of the State of Delaware on January 23, 2018. On March 6, 2018, Jushi Inc amended and restated its certificate of incorporation to create two classes of equity securities - Jushi Inc Class A Common Stock and Jushi Inc Class B Common Stock.

Business Combination

Upon consummation of the Business Combination, Tanzania continued with the business of Jushi Inc under the name “Jushi Holdings Inc.” and Jushi Inc became a wholly-owned subsidiary of Jushi Holdings Inc. Additionally, all outstanding shares of Jushi Inc Class A Common Stock were exchanged for an aggregate of 149,000 Super Voting Shares of the Company and 4,000,000 Multiple Voting Shares of the Company, and all outstanding shares of Jushi Inc Class B Common Stock were exchanged for Subordinate Voting Shares of the Company. Outstanding options and warrants of Jushi Inc were automatically converted to the equivalent equity of the Company. See “Capital Structure” below for a description of the Company’s share structure.

Simultaneous with the Business Combination, the Company consummated a private placement of 24,800,098 subscription receipts at a price of \$2.75 per subscription receipt, for gross proceeds of approximately \$68,200,270. At closing, each subscription receipt was automatically converted and exchanged for one Subordinate Voting Share of the Company.

After completion of the Business Combination (including conversion of the subscription receipts), there were an aggregate of 82,758,266 Subordinate Voting Shares outstanding, with: (a) the former holders of Tanzania shares holding 413,266 Subordinate Voting Shares (on a post-consolidation basis), and (b) the former holders of Jushi Inc shares holding 82,345,000 Subordinate Voting Shares (on a post-consolidation basis).

On June 10, 2019, the Company's Subordinate Voting Shares commenced trading on the Neo Exchange under the trading symbol "JUSH.B". At the close of trading on December 6, 2019, the Company's Subordinate Voting Shares were voluntarily delisted from the Neo Exchange and on December 9, 2019, the Company's Subordinate Voting Shares commenced trading on the CSE under the trading symbols "JUSH".

On September 23, 2019, the Company's Subordinate Voting Shares commenced trading on OTCQB Best Market under the trading symbol "JUSHF".

On December 1, 2020, the Company's 10% Senior Secured Notes due January 15, 2023 commenced trading on the CSE under the trading symbol "JUSH.DB.U".

Acquisitions

TGSNH

On February 13, 2018, Jushi Inc entered a series of transactions with TGSNH and the TGS National Principals pursuant to which Jushi Inc agreed to acquire 51% of the outstanding equity interests of TGSNH from the TGS National Principals in consideration for 5,000,000 shares of Jushi Inc's common stock and warrants to purchase 2,500,000 shares of Jushi Inc.'s common stock at an exercise price of \$2.00 per share. The transaction closed on March 19, 2018. TGSNH is a franchisor affiliated with a large Colorado based cannabis operator, The Green Solution. At the time of closing, TGSNH held a number of franchise agreements with state-licensed cannabis operators. The majority of the state-licensed cannabis operators under franchise agreements with TGSNH subsequently terminated their franchise agreements, including Florida franchisee SFN. See "Legal Proceedings and Regulatory Actions" contained herein for more information. On January 29, 2020, Jushi Inc returned its 51% stake in TGSNH as part of the TGS Settlement Agreement.

TGSIH

The Company closed the transactions contemplated by the TGS Settlement Agreement on January 29, 2020. Pursuant to the TGS Settlement Agreement, the Company became the majority owner of TGSIH, which, at the time held licenses for two Illinois medical cannabis dispensaries located in Sauget (adjacent to East St. Louis) and Normal (Bloomington-Normal metro area). At the time of closing, the Sauget dispensary had received approval from the IDFPR for adult-use sales. The Sauget dispensary began adult-use sales on March 2, 2020. The Bloomington-Normal dispensary was eligible to seek approval from the IDFPR to become an adult-use dispensary, was approved for adult-use sales in March 2020 and began adult-use sales on May 11, 2020. Each dispensary was also eligible to seek approval from the IDFPR to open a second retail location. The Company exercised both of these options and currently operates four adult-use stores in Illinois under the BEYOND/HELLO™ retail brand.

On February 21, 2020 the Company acquired the remaining approximate 25% equity interest in TGSIH, bringing the Company's total equity stake in TGSIH to 100%.

On April 22, 2020, the Company renamed TGSIH "Beyond Hello IL Holdings, LLC" and renamed TGSIH's wholly-owned subsidiary TGS Illinois, LLC to "Beyond Hello IL, LLC".

HMS

On June 7, 2019, Jushi IP entered into an asset purchase agreement pursuant to which Jushi IP purchased the Clinic IP and certain consulting agreements from HMS for a combination of \$4.1 million in cash and \$5.5 million in equity (being 2,267,500 Subordinate Voting Shares). The fair value of the shares was determined based on the Company's closing share price on June 10, 2019 of C\$3.20 per share. As part of these transactions, the founder of HMS, Max Cohen, also joined the Company as Chief Operating Officer and member of the Board, and certain other pre-existing employees of HMS and its affiliates entered into consulting agreements with the Company. The Company issued 300,000 restricted Subordinate Voting Shares in connection with employment relationships established pursuant to this transaction. On January 1, 2020, Mr. Cohen resigned as COO and on February 9, 2021, Mr. Cohen resigned as a member of the Board.

Franklin Bioscience

On July 10, 2019, Jushi Inc acquired all of the membership interests in FBS-Penn and through its acquisition of FBS-Penn acquired all the membership interests of FBS-Penn's wholly-owned subsidiaries Franklin Bioscience – NE, LLC, Franklin Bioscience – SE, LLC and Franklin Bioscience – SW, LLC, which together hold one Phase I and three Phase II dispensary permits issued by the Pennsylvania Department of Health's Medical Marijuana Program, allowing for a total of 12 medical marijuana dispensaries in the Commonwealth of Pennsylvania. The aggregate purchase price was approximately \$63 million, comprised of (i) approximately \$28 million in cash, (ii) approximately \$28.1 million by way of certain 10% secured convertible notes, and (iii) the issuance of approximately 3.38 million Subordinate Voting Shares (at a closing date price of \$2.07 per Subordinate Voting Share). In addition to the purchase price, under the terms of a letter of intent allowing Jushi Inc to negotiate definitive documents with FBS-Penn, the Company had made an exclusivity payment of \$1.0 million to FBS-Penn and the Company had also made a \$4.0 million advanced payment to FBS-Penn. In connection with the transaction, Jushi Inc acquired certain intellectual property, including the name BEYOND/HELLO™. A business acquisition report describing the transaction is available on SEDAR at <http://sedar.com/>.

Dalitso

On September 23, 2019, Jushi VA acquired 61.765% of the membership interests in Dalitso. Dalitso is one of only five applicants to receive conditional approval for a permit issued by the VA BOP to cultivate and process medical cannabis, and to dispense and deliver CBD oil and THC-A oil extracts in Virginia. The aggregate purchase price was \$15.8 million, comprised of \$7.8 million in cash, \$3.4 million in Subordinate Voting Shares (at a closing date price of \$1.61 per Subordinate Voting Share), approximately 1 million warrants to purchase Subordinate Voting Shares at a price of \$3.00 per Subordinate Voting Share (expiring two years from issuance) and \$4.0 million in promissory notes. On November 20, 2020, the Company announced that it had increased its ownership stake in Dalitso to 79% and had commenced operations at its cultivation, manufacturing, processing and retail facility in Manassas, Virginia. On December 2, 2020, the Company increased its equity ownership interest in Dalitso to 100%. Through three independently negotiated transactions with minority owners of Dalitso, the Company consolidated its ownership position in Dalitso from 61.765% to 100% by issuing a total of 4.2 million Subordinate Voting Shares or Subordinate Voting Share equivalents, of which approximately half are subject to indemnification provisions and trading restrictions for a year from the execution of the applicable agreement. On May 3, 2021, Jushi VA acquired the 93,000 sq. ft. facility, operated by Dalitso, together with approximately nine acres of surrounding land in Prince William County, Virginia, for approximately \$22 million.

Agape

On June 25, 2020, Jushi Inc. acquired 80% of the outstanding economic and voting interest in Agape, a Pennsylvania dispensary permittee. At the time of closing, Agape had plans to open three retail locations. The consideration for the Agape acquisition included: (1) \$3.1 million in cash subject to purchase price adjustments; (2) \$2 million in Warrant Notes; (3) approximately 0.6 million Debt Warrants of the Company with a \$1.25 strike price; and (4) 769,231 Subordinate Voting Shares which were issued at \$1.30 each. On January 26, 2021, the Company announced that it had acquired the remaining 20% equity interest in Agape, bringing the Company's total equity stake in Agape to 100%.

GSG

On July 24, 2020, Jushi acquired 100% of the equity of GSG SBCA, Inc., a licensed Santa Barbara dispensary. The city of Santa Barbara is a limited license market and currently only allows for three dispensaries to operate in the jurisdiction. The Company also signed a sale-leaseback agreement related to the real estate previously purchased in connection with this equity purchase. The closing of such transactions occurred on July 30, 2020.

PAMS

On August 11, 2020, the Company acquired 100% of the equity of PAMS, a Pennsylvania grower-processor permittee formerly owned by a subsidiary of Vireo Health International, Inc. PAMS operates a 89,000 sq. ft. facility with approximately 45,000 sq. ft. of high-quality, indoor cultivation when construction is complete. Under the terms of the acquisition agreement, the consideration for the PAMS acquisition consisted of \$16.3 million in cash, a \$3.8 million unsecured promissory note (8% interest, four-year maturity, with all principal and interest due at maturity), and the assumption of a \$17 million debt associated with a long-term lease obligation of PAMS. Pursuant to the purchase agreement, the Company also acquired and closed on an 18-month option to acquire 100% of the equity of PADS.

On April 1, 2021, PAMS entered into an amendment of its existing lease with Innovative Industrial Properties, Inc. making available an additional \$30 million in funding for the first phase of property development of the facility. The funding will be used to complete the buildout of the existing 89,000 sq. ft. building and a 40,000 sq. ft. expansion of the facility for a total of approximately 130,000 sq. ft. The first phase of the expansion is expected to add approximately 26,000 sq. ft. of canopy for a total of 45,000 sq. ft. and is expected to be completed by the fourth quarter of 2021, subject to regulatory approvals. The second phase of the planned expansion, expected to begin in the third quarter of 2021, would add approximately 60,000 sq. ft. to the building and increase total canopy to approximately 110,000 sq. ft. The facility is expected to be approximately 190,000 sq. ft. after both phases of the buildout have been completed.

PADS

On December 18, 2020, the Company acquired 100% of the equity of PADS, a Pennsylvania dispensary permittee formerly owned by a subsidiary of Vireo Health International, Inc. pursuant to the option granted in the connection with the Company's acquisition of PAMS. PADS previously operated 2 dispensaries in Scranton and Bethlehem under the "Green Goods" brand and the Company has since transitioned those dispensaries to the Company's BEYOND/HELLO™ brand.

Grover Beach

On March 4, 2021, Jushi acquired approximately 78% of the equity of a retail license holder located in Grover Beach, California with the option to acquire the remaining equity in the future. Grover Beach is a limited license market with a maximum of four retail licenses permitted. Upon completion of the build-out of this new BEYOND / HELLO™ dispensary in Q3 2021, this location will be the fourth and final retail dispensary permitted in Grover Beach.

FBS Nevada

On April 1, 2021, Jushi acquired 100% of the equity ownership of FBS Nevada. FBS Nevada holds medical and adult-use cannabis cultivation, processing and distribution licenses issued by the Nevada Cannabis Control Board. Subsequently, the MSA between Production Excellence and FBS Nevada was terminated. FBS Nevada currently operates cultivation, production and distribution facilities in North Las Vegas, Nevada.

Nature's Remedy

On April 16, 2021, Jushi reached a definitive binding agreement (the "Agreement") to acquire Nature's Remedy of Massachusetts, Inc. and certain of its affiliates (collectively, "Nature's Remedy"), a vertically-integrated single state operator in Massachusetts, for total consideration of up to US\$110 million (the "Acquisition"). Nature's Remedy currently operates two adult-use retail dispensaries, in Millbury, MA and Tyngsborough, MA, and a 50,000 sq. ft. cultivation and production facility in Lakeville, MA with approximately 19,500 sq. ft. of high-quality indoor flower canopy and state-of-the-art extraction and manufacturing capabilities. Nature's Remedy expects to expand canopy to 31,000 sq. ft. during the second half of 2021. Under the terms of the Agreement, Jushi has agreed to acquire Nature's Remedy for an upfront payment of US\$100 million (subject to purchase price adjustments as set forth in the Agreement), comprised of US\$40.0 million in cash, US\$55.0 million in subordinate voting shares of the Company (the "Company Shares") and a US\$5.0 million unsecured promissory note. The Company has also agreed to issue up to an additional US\$10.0 million in Company Shares upon the occurrence or non-occurrence of certain conditions after the closing date, bringing the total potential consideration for the Acquisition paid by the Company to US\$110 million. The Acquisition, which is expected to close in the second half of 2021, is subject to certain customary closing conditions.

OhiGrow

On April 19, 2021, Jushi signed a definitive binding agreement to acquire OhiGrow, LLC, one of 34 licensed cultivators in Ohio, and Ohio Green Grow LLC (collectively, "OhiGrow"), for total consideration of \$5.0 million in cash, inclusive of an approximately 10,000 sq. ft. facility and 1.35 acres of land.

OSD

On April 30, 2021, Jushi acquired 100% of the equity of Organic Solutions of the Desert, LLC ("OSD"), an operating dispensary located in Palm Springs, California. With more than 14 million tourists per year, Palm Springs is an attractive market and luxury travel destination.

Financing Activities

In February and March 2018, Jushi Inc completed non-brokered private placements of an aggregate of 14,944,658 units (each unit consisting of one share of Jushi Inc common stock and one common share purchase warrant) at a price of \$0.50 per unit for aggregate gross proceeds of \$7,472,329. All Jushi Inc common stock and warrants issued prior to the Company's filing of an amended and restated certificate of incorporation on March 6, 2018 (include all Jushi Inc common stock and warrants issued in connection with this private placement) were converted into Jushi Inc Class A Common Stock or Jushi Inc Class B Common Stock, or warrants to purchase Jushi Inc Class A Common Stock or Jushi Inc Class B Common Stock, upon Jushi Inc's filing of an amended and restated certificate of incorporation.

Between March and October 2018, Jushi Inc completed three non-brokered private placements of an aggregate of 37,194,281 units (each unit consisting of one share of Class B Common Stock and one-half of a warrant to purchase a share of Class B common stock) for total gross proceeds of \$42,812,281.

In March 2019, Jushi Inc completed a non-brokered private placement of 8,080,000 units (each unit consisting of one share of Class B Common Stock and one-half of a warrant to purchase a share of Class B Common Stock) for gross proceeds of \$16,160,000.

On December 23, 2019, the Company announced the receipt of Initial Subscriptions totaling \$27.460 million in connection with the Debt Financing. Insiders and certain Founders committed an aggregate of \$18.5 million in connection with the Debt Financing. Investors were provided two financing structure options. The first structure allowed subscribers to acquire Warrant Notes maturing on January 15, 2023. The principal amount outstanding under such Warrant Notes bears interest at a rate of 10.0% per annum, payable in cash quarterly. Under the first structure subscribers were also issued Debt Warrants to acquire a number of Subordinate Voting Shares of the Company equal to 75% of the principal amount of the applicable Warrant Note divided by the exercise price of \$1.5787. The Debt Warrants have an expiration date of December 23, 2024. The second structure allowed subscribers to acquire OID Notes maturing on January 15, 2023. The principal amount outstanding under such OID Notes bears interest at a rate of 10.0% per annum, payable in cash quarterly. The combined annual yield on the OID Notes is approximately 17%. Participants electing to receive OID Notes did not receive Debt Warrants.

In addition to the maturity dates, both structures have the same key terms. The Company's obligations under both the Warrant Notes and the OID Notes are secured by the assets of the Company and certain of its subsidiaries (subject to certain exclusions) and are guaranteed by certain subsidiaries of the Company. Due to insider participation, a special committee of the Board, comprised entirely of independent Board members, was formed to set, review, negotiate and approve of the terms of the Debt Financing. ATB Capital Markets (formerly, AltaCorp Capital Inc.) was engaged by the special committee of the Board to provide its opinion as to the fairness, from a financial perspective, of the terms of the Debt Financing.

On January 31, 2020, the Company announced an upsizing of the Debt Financing, and was in receipt of aggregate cash proceeds of \$35.65 million in subscriptions (inclusive of the \$27.460 million cash proceeds already received by the Company). The Company also announced that \$9.56 million of debt and interest expenses assumed by the Company pursuant to the TGS Settlement Agreement was exchanged into Warrant Notes with a slightly modified redemption right (subject to an unrelated contingency).

On July 31, 2020, the Company announced a second upsizing to the previously announced Debt Financing and closed on \$33.3 million of new subscription receipts, receiving \$27.8 million in cash proceeds. Included in the \$33.3 million was \$12.3 million of subscription receipts contingent upon the closing of the PAMS acquisition. Due to Founder and other insider participation, a special committee of the Board, comprised entirely of independent Board members, was formed to set, review, negotiate and approve of the terms of the Debt Financing. ATB Capital Markets (formerly, AltaCorp Capital Inc.) was engaged by the special committee of the Board to provide its opinion as to the fairness, from a financial perspective, of the terms of the upsizings to the Debt Financing.

On October 9, 2020 the Company filed a final base shelf prospectus pursuant to the passport system provided by Multilateral Instrument 11-202 – *Passport System* and National Policy 11-202 – *Process for Prospectus Review in Multiple Jurisdictions*, whereby the Company may issue, for up to aggregate gross proceeds of C\$200 million, Subordinate Voting Shares, warrants, subscription receipts, debt securities, convertible securities, or units in all of the provinces of Canada (except Quebec). On October 21, 2020, the Company filed a prospectus supplement to the Base Shelf Prospectus whereby the Company issued an aggregate of 11,500,000 Subordinate Voting Shares (including the full exercise of the Over Allotment Option (as defined therein)) at a price of C\$3.55 per Subordinate Voting Share offered for total gross proceeds of C\$40,825,000. Copies of the Base Shelf Prospectus and the prospectus supplements thereto can be found on the Company's profile on www.sedar.com.

On December 1, 2020, certain participants in the Debt Financing elected to exchange their Warrant Notes or OID Notes for an equal principal amount of 10% Senior Secured Notes due January 15, 2023, which commenced trading on the CSE under the trading symbol “JUSH.DB.U”. Holders of an aggregate principal amount of US \$76,352,000 in Warrant Notes and OID Notes elected to participate in such exchange. Holders of an aggregate principal amount of US \$6,975,000 in Warrant Notes and OID Notes elected to retain their Warrant Notes or OID Notes, as applicable, which were amended and restated in connection with the listing of the 10% Senior Secured Notes due January 15, 2023. On December 31, 2020, an aggregate of approximately US \$83,327,000 of listed and unlisted notes remain outstanding.

Please refer to subsequent developments below as it pertains to equity offerings after December 31, 2020.

Debt and Derivative Warrant Modifications

i) Warrant Notes Exchanges for OID Notes

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

ii) Down-Round Price Adjustment

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

iii) “Option 2” Elections

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

OID Notes Exchanges for Warrant Notes

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

Warrant Note Holders

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

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

As a result of the Option 2 extinguishments, the Company expensed previously deferred financing costs of gross amount \$0.5 million related to Tranche 1 Senior Notes, and is included in net loss on debt and warrant modification in the consolidated statements of operations and comprehensive loss.

iv) Public Debt Listing

As a result of the public listing of the Senior Notes in December 2020, certain Senior Notes, which had a slightly different redemption right which was subject to an unrelated contingency, were modified to remove this redemption feature. The Company determined that this modification was substantial under IFRS 9, and therefore was accounted for as an accounting extinguishment of the original financial liabilities and the recognition of new financial liabilities. The difference between the extinguished total carrying value of \$8,170 and the total new value of \$10,032, was a loss of 1,862 and is included in net loss on debt and warrant modification in the consolidated statements of operations and comprehensive loss.

Warrant Acceleration

On November 24, 2020 the Company exercised its right to accelerate the expiration of certain outstanding warrants issued to participants in the Company's previously announced private placement offering that closed in April 2018 and June 2018. Pursuant to the exercise of the Company's acceleration right, the holders of the warrants had thirty (30) days from November 24, 2020 to exercise their warrants. Each warrant entitled the holder to purchase one Subordinate Voting Share at an exercise price of US\$2.00 per share, subject to adjustment in certain events. In connection with the acceleration of the applicable warrants, the Company issued approximately 16 million additional Subordinate Voting Shares and received cash proceeds of approximately US\$32 million.

On December 24, 2020 the Company exercised its right to accelerate the expiry date of certain subordinate voting share purchase warrants issued to participants in the Company's previously announced private placement offerings, which closed in March 2019. Pursuant to the exercise of the Company's acceleration right, participants had thirty days from the December 24, 2020 to exercise their Warrants. Each Warrant entitled the holder to purchase one Subordinate Voting Share at an exercise price of US \$3.00 per share, subject to adjustment in certain events. In connection with the acceleration of the applicable warrants, the Company issued approximately 3.7 million additional Subordinate Voting Shares and received cash proceeds of approximately US \$11 million.

Hemp Operations

On March 5, 2019, Sound Wellness received an industrial hemp-CBD processor license from the state of New York. Sound Wellness' hemp-CBD processor license supports the Company's initiative to create product innovations centered around hemp. Under its license, Sound Wellness is authorized to possess, manufacture, transport, and sell or otherwise distribute hemp cannabis and products derived therefrom, including CBD, either within or outside the State of New York. The Company currently sells its physician formulated industrial hemp-derived products under its "Nira" brand. Given that "Nira" branded products are derived from industrial hemp, they may be sold legally under U.S. federal law pursuant to the Farm Bill. The Company utilizes third party manufacturers who produce the "Nira" products on behalf of the Company.

Subsequent Developments

Equity Financing

On January 5, 2021, the Company filed a second prospectus supplement to the Base Shelf Prospectus whereby the Company issued and aggregate of 6,210,000 Subordinate Voting Shares (including the full exercise of the Over Allotment Option (as defined therein)) at a price of C\$6.50 per Subordinate Voting Share offered for total gross proceeds of C\$40,365,000. On February 11, 2021, the Company filed a third prospectus supplement to the Base Shelf Prospectus whereby the Company issued and aggregate of 7,475,000 Subordinate Voting Shares (including the full exercise of the Over Allotment Option (as defined therein)) at a price of C\$10.00 per Subordinate Voting Share offered for total gross proceeds of C\$74,750,000. Copies of the Base Shelf Prospectus and the prospectus supplements thereto can be found on the Company's profile on www.sedar.com.

Retail Dispensaries

On January 14, 2021, the Company announced that it had entered into a definitive agreement to acquire 100% of the equity of OSD, an operating dispensary located in Palm Springs, California, and approximately 78% of Grover Beach with the rights to acquire the remaining equity in the future. Jushi is also moving forward in the merit-based application process as one of only three selected applicants for a storefront retail (and ancillary delivery) permit in Culver City, California. On December 17, 2020, one of the Company's subsidiaries entered into a long-term lease agreement for a bespoke, ground-up build in Culver City, California. The closing of the California dispensary acquisitions described in this paragraph, and the Company's opening of a storefront retail (and ancillary delivery) dispensary in Culver City, are subject to state and local regulatory approvals. The three new locations will be in addition to the Company's BEYOND/HELLO™ Santa Barbara store, which opened in October 2020.

On January 26, 2021, the Company opened a retail location in Bloomington, Illinois, the Company's fourth retail location in the State of Illinois and 16th location nationally.

On March 4, 2021, Jushi acquired approximately 78% of the equity of a retail license holder located in Grover Beach, California with the option to acquire the remaining equity in the future.

On March 12, 2021, the Company, through its wholly owned subsidiary Franklin Bioscience, opened the Company's 11th retail location in Irwin, Pennsylvania, the Commonwealth of Pennsylvania and 17th location nationally.

On April 30, 2021, the Company closed on 100% of the equity of Organic Solutions of the Desert, LLC, an operating dispensary located in Palm Springs, California.

Partial Note Redemption

In connection with the January offering of Subordinate Voting Shares, on January 31, 2021, the Company redeemed US\$4.9 million of the Company's outstanding 10% Senior Secured Notes due January 15, 2023 pursuant to the terms set forth therein.

In connection with the February offering of Subordinate Voting Shares, on March 1, 2021, the Company redeemed US\$3.2 million of the Company's outstanding 10% Senior Secured Notes due January 15, 2023 pursuant to the terms set forth therein.

Board of Directors

On February 9, 2021, Max Cohen resigned as a director of the Company.

On May 25, 2021, Marina Hahn was appointed as a director of the Company.

European Operations

In February 2020, the Company expanded internationally with the purchase of a 51% ownership interest in a business entity organized under the laws of Switzerland. In connection with the Company's acquisition, the target entity was renamed "Jushi Europe SA". On May 14, 2020, Jushi Inc transferred ownership of its wholly-owned subsidiary JPTREH LDA, an entity organized under the laws of Portugal, to Jushi Europe SA. Through Jushi Europe SA, the company plans to establish operations in Europe through a combination of strategic acquisitions, partnerships, and license applications with the goal of providing patients throughout Europe with high-quality, reliable medical cannabis products. On November 9, 2020, Jushi Europe SA was granted a provisional license from INFARMED, I.P., the Portuguese National Authority for Medicines and Health Products, through its 100%-owned Portugal-based subsidiary JPTREH LDA. The provisional license grants conditional approval for Jushi Europe to import, cultivate and export medical cannabis from its planned greenhouse cultivation facility, which the Company intends to build near the City of Beja in southern Portugal. Once the final license is granted, Jushi Europe will commence exporting EU-GMP medical cannabis to licensed foreign importers, in accordance with INFARMED guidelines.

Neither Jushi Europe SA nor JPTREH LDA operates or currently plans to operate in any emerging markets (as defined by OSC Staff Notice 51-720 – *Issuer Guide for Companies Operating in Emerging Markets*).

Applications

In addition to the above transactions, the Company has submitted or intends to submit applications for municipal cannabis licenses in California and has submitted applications for state cannabis licenses in California, Illinois and New Jersey.

DESCRIPTION OF THE BUSINESS

The Company is a vertically integrated, multi-state cannabis operator engaged in retail, distribution, cultivation, and processing operations in both medical and adult-use markets. Jushi and its industry-leading management team are focused on building a diverse portfolio of cannabis assets through opportunistic investments, acquisitions 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, Nevada, and Massachusetts.

Strategy

Jushi'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, Jushi may seek to apply a capital-light or retail-focused strategy, especially where cultivation may become further commoditized in future years. In limited license medical markets, or markets in the process of transitioning to adult-use (such as Pennsylvania and Virginia), Jushi may seek to expand its cultivation assets despite the high level of capital investment required, given the significant market opportunity. Also, in other markets, Jushi 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 Illinois, Ohio, California and Nevada. By establishing a strong platform and retail-brand recognition in markets that have the greatest growth potential, Jushi 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 remains intensely focused on expanding its retail presence in current markets, while pursuing acquisition opportunities across the supply chain in limited license markets that complement its existing portfolio. The Company's financial capacity allows it to operate from a position of strength and will help the Company emerge as an even stronger player in this industry. The Company plans to implement its growth strategy by expanding its presence in current markets, increasing its offering of branded product lines, targeting acquisition opportunities in limited license jurisdictions, and applying for de novo licenses.

Expanding its presence in current markets. The Company currently operates eighteen dispensaries in limited license markets where state-level or jurisdictional restrictions limit the number of cannabis licenses awarded, resulting in high barriers to entry, limited market participants, and long-term competitive advantage. The Company plans to build-out its retail footprint in Pennsylvania, California and Virginia by increasing its store count from eleven to eighteen in Pennsylvania, opening two additional adult-use stores in California and opening five additional medical dispensaries in Virginia, which will bring its store count from eighteen to thirty two by the end of 2022. In Virginia, these five medical dispensaries will be in addition to the pharmaceutical processor facility near the City of Manassas, which will allow Dalitso to cultivate, process, dispense and deliver medical cannabis to registered patients in the state. The Company closed on its previously announced acquisition to purchase the pharmaceutical processor facility and surrounding land for approximately \$22 million. In Pennsylvania, the Company acquired 100 percent of the equity of a grower-processor. The Company plans to more than double the square footage of the Pennsylvania facility from approximately 89,000 sq. ft. to approximately 190,000 sq. ft. in a phased expansion. The Company will utilize the facility to supply its Pennsylvania BEYOND/HELLO™ retail stores and other state licensed retail facilities within the Commonwealth. Additionally, the Company also signed a definitive agreement to acquire OhiGrow, one of 34 licensed cultivators in Ohio. OhiGrow represents an attractive opportunity for Jushi to solidify its supply chain in Ohio. The Ohio cultivation and processing facilities will allow the Company to cultivate, process and sell manufactured medical cannabis products to licensed medical marijuana dispensaries in Ohio.

Targeting acquisition opportunities in limited licenses jurisdictions. The Company is pursuing acquisition opportunities to become vertically integrated in Illinois and California, where the Company currently only operates retail dispensaries. The Company is also pursuing acquisition opportunities in limited license markets with high barriers of entry, such as Ohio, Nevada and Massachusetts. In Massachusetts, the Company signed a definitive binding agreement to acquire a vertically-integrated single state operator, which currently operates two adult-use retail dispensaries as well as a cultivation and production facility. Subject to all necessary approvals and closing on the Massachusetts acquisition in 2021, the Company's store count would increase from eighteen to twenty in 2021 and from thirty two to thirty four by the end of 2022.

Applying for de novo licenses. The Company is actively seeking additional avenues of growth in its existing markets and other key markets. The Company is in the process of evaluating, preparing to enter, or has submitted applications for municipal cannabis licenses in California, Illinois, Ohio, Florida, and New Jersey.

Expanding its offering of branded product lines. The Company debuted a comprehensive suite of cannabis brands across multiple states including its award winning brand, The Lab, which offers vape products and concentrates and the award-winning brand, The Bank, offering pre-packaged flower and infused blunts, The Company also introduced the following new products: Tasteology for edibles, Nira + Medicinals for THC and CBD-rich medical products, and Sèche for fine flower and pre-rolls to address a wide variety of consumer needs.

Current Operations

Retail

As of December 31, 2020, the Company operated ten operating medical cannabis dispensaries in the Commonwealth of Pennsylvania, located in the cities or around of Ardmore, Bethlehem, Bristol, Johnstown, Philadelphia (Center City and Northern Liberties), Reading, Scranton (two locations), and West Chester. All ten dispensaries are operated under the Company's BEYOND/HELLO™ brand.

The Company is permitted to open eight additional dispensaries in the Commonwealth of Pennsylvania. The Company opened its eleventh location in Irwin on March 12, 2021 and expects to open the remaining seven (7) locations by the end of 2021.

As of December 31, 2020, the Company operated three adult use (with two co-located medical) cannabis dispensaries in the State of Illinois, located in or around the cities of Sauget and Normal. On January 26, 2021, the Company opened its fourth adult use cannabis dispensary in the State of Illinois, located in the city of Bloomington. All four dispensaries are operated under the Company's BEYOND/HELLO™ brand.

As of December 31, 2020, the Company operated one medical cannabis dispensary in the Commonwealth of Virginia, located in Prince William County. The dispensary is operated under the Company's BEYOND/HELLO™ brand. The Company is permitted to open five additional dispensaries in the Commonwealth of Virginia, subject to local zoning and state regulatory approvals.

As of December 31, 2020, the Company operated one cannabis dispensary in the State of California, located in the city of Santa Barbara. The Santa Barbara dispensary is operated under the Company's BEYOND/HELLO™ brand. The Company acquired a second location in California on April 30, 2021 in Palm Springs, through its acquisition of OSD. The Company has plans to open two more dispensaries in Grover Breach and Culver City California.

The Company also operates a 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 (www.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 Nira products on behalf of the Company.

Online Platforms

The Company operates an age-gated online reservation and educational platform (www.beyond-hello.com) for patients and customers. Prior to launching the Online Platform, the Company's compliance team and internal and external counsel undertook a review of the applicable federal and state privacy, advertising and cannabis laws and launched the Online Platform in a manner intended to ensure compliance with such laws. The Online Platform is not intended to be used for advertising activities but is intended to be used to provide customers with real-time pricing and product availability, online reservation capabilities, and a virtual educational tool. The Online Platform does not provide any education, information or any other functionalities with respect to any third-party dispensaries.

No purchase and sale transactions occur on the Online Platform. A patient or customer may reserve products using the Online Platform, but the patient or customer must be physically present at one of the Company's dispensaries to consummate the purchase and sale of products. This requirement allows the Company and dispensary staff to ensure that the Company's standard operating procedures (including its compliance program(s)) are applied to all patients and customers in connection with the purchase and sale of products. The Company has recently launched a delivery pilot program in Virginia, which allows for patients to order product online and have it delivered to their doorstep.

In jurisdictions where medical cannabis is legal, upon arrival of the patient at the applicable dispensary, dispensary staff must verify the patient's identity and accreditation (such as a state-issued medical cannabis card) and confirm the patient's allotment to ensure the user is not exceeding the state's allotment limits. Once the foregoing is verified, the patient may pay for the product(s) to complete the purchase. If the customer does not have valid identification and accreditation, the customer will not be able to purchase medical cannabis at the applicable Company dispensary, irrespective of any reservation(s) made on the Online Platform.

In jurisdictions where recreational cannabis is legal, upon arrival of the customer at the applicable dispensary, dispensary staff must verify that the customer is at least 21 years of age by verifying the customer's government-issued identification. Once the identification is verified, the customer may pay for the product(s) to complete the transaction. If the customer does not have valid identification, the customer will not be able to purchase recreational cannabis at the applicable Company dispensary, irrespective of any reservation(s) made on the Online Platform.

The Company operates an age-gated website for Jushi Holdings (www.jushico.com) which includes information about the company, the leadership team, press and media, links to the subsidiary properties and an investor relations section (ir.jushico.com).

The Company also operates age-gated websites for each of its brands: "The Bank" (www.thebankflower.com), "The Lab" (www.findthelab.com), "Nira+" (www.niraplus.com), "Seche" (www.secheflower.com), and Tasteology (www.thetasteology.com). Each brand website offers product information and a list/maplist of dispensaries where they can be purchased.

The Company also sells its "Nira" branded products through its CBD e-commerce platform (www.niracbd.com). As aforementioned, "Nira" branded products may be sold legally throughout the United States (including online) pursuant to the Farm Bill.

The Company also operates an e-commerce platform for branded apparel, accessories and other products (shop.jushico.com).

Cultivation & Production

The Company is currently engaged in cannabis cultivation and production operations in Nevada through its 100% equity ownership of FBS-NV. FBS-NV holds medical and adult-use cannabis cultivation, processing and distribution licenses originally issued by the NV DOT, the predecessor regulatory body to the now applicable regulatory body the NV CCB and a hemp handler license issued by the 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 sq. ft. facility. FBS Nevada has upgraded the facility with state-of-the-art, indoor, double-stacked cultivation that yields approximately 2,500 lbs of high-quality dry flower per year. FBS Nevada plans to create a single production space for a total of approximately 16,600 sq. ft. The expansion is expected to more than double cultivation capacity.

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 was submitted with the NV CCB and the change of ownership was approved at a public meeting of the CCB on February 23, 2021. Upon consummation of such purchase agreement, both Production Excellence and FBS-NV will be subsidiaries of the Company. On April 1, 2021, Jushi acquired 100% of the equity ownership of FBS Nevada. Subsequently, the service agreement between Production Excellence and FBS Nevada was terminated.

Further, in connection with its acquisition of Dalitso, the Company, through a subsidiary, operates at the Manassas Facility, allowing the Company to cultivate, process, dispense and deliver medical cannabis to registered patients in Virginia. The Manassas Facility is approximately 93,000 sq. ft., of which approximately 30,000 sq. ft. is currently built-out. The Company began cultivation and related operations at the Manassas Facility on November 19, 2020, while medical dispensary retail operations commenced on December 1, 2020. On May 3, 2021, the 93,000 sq. ft. Manassas Facility and approximately nine acres of surrounding land in Prince William County, Virginia was acquired.

The Company is currently engaged in cannabis cultivation and processing in Pennsylvania through its 89,000 sq. ft. Pennsylvania Facility, which is operated by Pennsylvania Medical Solutions, LLC, a wholly-owned subsidiary of the Company. On April 1, 2021, the Company provided an update on its expansion project at its subsidiary's Pennsylvania Facility. The Company's subsidiary commenced the first phase of the expansion, which will add at completion 40,000 sq. ft. to the existing 89,000 sq. ft. facility for a total of approximately 130,000 sq. ft. The Company's subsidiary is also in the design phase for the second phase of the planned expansion that is expected to start in the third quarter of 2021, which would add approximately 60,000 sq. ft. to the facility. The facility is expected to be approximately 190,000 sq. ft. after both phases of the build-out have been completed. The Company intends to complete the first phase of the expansions by the fourth quarter of 2021 and the second phase by the second quarter of 2022.

In June 2019, the Company, through a subsidiary, entered into a management services agreement with a provisionally licensed medical marijuana processor in Ohio. The Company expects such 8,000 sq. ft. provisionally licensed medical marijuana processor to begin operations in Q2 2021. The Company, through a subsidiary, also entered into a purchase agreement to acquire certain assets and 100% equity ownership of the provisionally licensed medical marijuana processor, subject to state and local approvals and certain other conditions. Following the provisionally licensed medical marijuana processor's receipt of a certificate of operation from the State of Ohio, the Company anticipates submitting an application for change of ownership to the State of Ohio. Upon consummation of the purchase agreement, the provisionally licensed medical marijuana processor will be a wholly-owned subsidiary of the Company.

In April 2021, the Company signed a definitive binding acquirement to acquire Nature's Remedy of Massachusetts, Inc. and certain of its affiliates (collectively, "Nature's Remedy"), a vertically-integrated single state operator in Massachusetts. Nature's Remedy currently operates a 50,000 sq. ft. cultivation and production facility in Lakeville, MA with approximately 19,500 sq. ft. of high-quality indoor flower canopy and state-of-the-art extraction and manufacturing capabilities (the "Lakeville Facility"). Nature's Remedy expects to expand the Lakeville Facility to approximately 31,000 sq. ft. during the second half of 2021. Current flower production at the Lakeville Facility is approximately 6,800 lbs. / year, which, as part of the expected expansion, Nature's Remedy could increase to approximately 11,000 lbs. / year based on 31,000 sq. ft. of canopy. Nature's Remedy is also evaluating further expansion opportunities in the existing Lakeville industrial complex and/or on ten acres of land owned by Nature's Remedy in Grafton, MA. The Lakeville Facility could potentially accommodate an additional 18,000 to 20,000 sq. ft. of flower canopy through the expansion into approximately 26,000 sq. ft. of adjacent space in the existing building. In Grafton, MA, Nature's Remedy has a Host Community Agreement in place with the city and recently received a provisional cultivation license from the Commonwealth. The ten acres of land in Grafton, MA could potentially accommodate a 35,000 to 40,000 sq. ft. new facility with approximately 18,000 sq. ft. of flower canopy.

In April 2021, the Company signed a definitive binding agreement to acquire OhiGrow, LLC, and Ohio Green Grow LLC (collectively, "OhiGrow"), inclusive of an approximately 10,000 sq. ft. facility and 1.35 acres of land. There is an additional 15,000 sq. ft. of available vacant space on the property, which can be further developed. OhiGrow holds a Level II cultivation license from the state, and has the right to apply for the necessary approvals to expand the facility's cultivation area, ultimately up to the maximum 9,000 sq. ft. currently permitted under the Level II cultivation license.

The Company does not currently act as a distributor (i.e., an intermediary in the cannabis supply chain) of cannabis, but does distribute (i.e., sell) cannabis as more particularly described in this AIF. The Company is not currently engaged in any 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 the Company's own brands and 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. Further in Pennsylvania, the Company's Pennsylvania Facility produces and sells cannabis dry flower and dry flower products, and a range of cannabis products. In connection with such cultivation and processing, the Company is utilizing its intellectual property, including trademarks, trade secrets, extraction techniques, concentrates and other proprietary information related to cannabis brands for the products created in Pennsylvania. These brands and formulations include:

Premium Flower: The Bank

Jushi relaunched its acquired, award-winning Colorado brand, The Bank known for its superior plant genetics and next-level cultivation. The Bank offers pre-packaged flower, infused blunts and pre-rolls comprised of three tiered lines: Gold Standard, Cache and Vault each offering varying degrees of quality, availability and price. Currently, The Bank is available at dispensaries across Nevada and Pennsylvania, including the Company's BEYOND/HELLO™ locations in Pennsylvania.

Vapes & Concentrates: The Lab

Jushi relaunched another of its acquired, award-winning Colorado brand, The Lab, renowned for high-quality, precision vape products, and concentrates, including the pioneering of live resin. The Lab offers a wide selection of vape cartridges, disposables and concentrates. Currently, The Lab is available at dispensaries across Nevada and Pennsylvania, including the Company's BEYOND/HELLO™ locations in Pennsylvania.

Edibles: Tasteology

Jushi launched Tasteology, an edible brand offering premium, real fruit, cannabis-infused gummies and chewable tablets. Tasteology is the culmination of extensive consumer research into both the taste and effect preferences of people in Jushi's markets where edibles can be offered. Currently, Tasteology is produced by the Company's subsidiary in Nevada and is available in dispensaries across the state.

Medicinal: Nira + Medicinals

Nira + Medicinals ("Nira +") develops high quality, THC and CBD-rich medical products aimed at improving the quality of life for all cannabis patients. Nira+ product line includes oral solutions, capsules, softgels and topicals. Currently, Nira+ is available at dispensaries across Pennsylvania, including the Company's BEYOND/HELLO™ locations in Pennsylvania.

Fine Grind (Shake), Fine Flower (Popcorn) and Singles (Pre-Rolls): Sèche

Sèche is a new category in cannabis that redefines the perception of value products like shake and popcorn. Sèche offers products like Fine Grind (Shake), Fine Flower (Popcorn) and Singles (Pre-Rolls). Currently, Sèche is available at dispensaries across Nevada and including at the Company's BEYOND/HELLO™ locations in Pennsylvania.

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, extracts, concentrates, cannabis tarts, cannabis gummies, and cannabis in pressed pill form. Additionally, the Company is utilizing its intellectual property, including trademarks, trade secrets, extraction techniques, concentrates and other proprietary information related to cannabis brands for the products created and sold in Nevada by FBS-NV. These brands and formulations include "The Bank," "The Lab," and "Seche."

In Virginia, Dalitso will begin selling the Company's own brands along with a variety of third-party cannabis products, including cannabis oil in capsule, oral and sublingual solutions, vaporizer forms of cannabis, cannabis in topical products, cannabis in edible products and other cannabis products. Dalitso is also developing a 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 California, the Company's operating dispensaries sell a variety of third-party cannabis products, including cannabis dry flower and dry flower products, extracts, concentrates, cannabis tarts, cannabis gummies, and cannabis in pressed pill form.

With respect to the Company's hemp business, the Company sells "Nira" branded CBD products. 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 is selling 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.

Branding and Marketing

The Company continues the rollout of its flagship retail brand BEYOND/HELLO™ across its key operating markets. After the recent launch of its new online pre-ordering platform, BEYOND/HELLO™ has evolved into a fully integrated digital to brick-and-mortar experience, providing customers real-time access to pricing and product availability. All of the Company's current retail locations operate under the BEYOND/HELLO™ brand and the Company is planning for its future retail locations in Pennsylvania, Virginia, California, Massachusetts, and other states to operate under the BEYOND/HELLO™ brand as well.

The Company operates a state-by-state opt-in loyalty program, The Hello Club, that rewards patients and customers with points and other exclusive offers based on their past purchases. The Company leverages SMS and email lists to promote specific products.

The Company's brands, "The Bank" (flower) and "The Lab" (concentrates), were acquired as part of the Clinic IP for use by the Company and its subsidiaries outside the states of Colorado, Illinois, and New York. These brands have also been redesigned and re-launched for distribution in Nevada, Pennsylvania, Virginia, California and Ohio.

The Company launched Nira+ Medicinals, a high-quality, THC and CBD-rich medical products in Pennsylvania; Tasteology, an edible brand offering premium, real fruit, cannabis-infused gummies and chewable tablets produced in Nevada; Seche, a new category of fine grind (shake), fine flower (popcorn) and pre-rolls available in dispensaries across Nevada and Pennsylvania.

The Company provides retail partners with approved merchandise, and other display materials to support sales. The Company creates product imagery, video and descriptions which are included across online dispensary menus where the Company's products are sold.

The Company takes advantage of various directory platforms for cannabis businesses to help prospective patients and customers find our respective retail locations. The Company also runs out-of-home marketing campaigns in approved markets and locations for retail locations.

Sales and Distribution

With respect to cannabis retail locations, the Company targets highly visible locations adjacent or near heavily trafficked roads. For cultivation, production and other forms of industrial activity, the Company targets locations with immediate capabilities as well as future expansion potential. The Company uses an internal team for the selection of real estate, as well as a broad network of real estate brokers. The Company makes its determination to purchase or lease its underlying real estate on a case-by-case basis.

The Company plans to expand its network of cannabis retail locations in select markets. The Company has developed key indicators to identify attractive sites based on existing competition, population, real estate, parking, traffic and regulatory market attractiveness. The Company intends to educate patients and consumers about its product offerings in a welcoming environment through one-on-one interactions with staff.

The Company currently sells its CBD through a Company-run retail location in Amherst, New York, and online through (www.niracbd.com).

Principal Markets & Competition

The Company anticipates it will compete against other retail and vertical licensees across the various state markets that it operates in. In certain markets, such as California, many of the Company's competitors are small local dispensaries; however, the Company expects to compete against both large MSO's, as well as Canadian licensed producers, once cannabis is federally legal in the United States. In addition, the Company expects to compete against both third party and direct delivery services. The Company minimizes its competitive risk in these markets by picking strategic locations, with defensible buffers naturally built in through local regulations and local dispensaries laws.

With respect to cultivation and production, the Company expects to compete with both MSOs and local operators in the states in which it operates. In Pennsylvania, Virginia, Ohio, and Nevada, the Company will compete with larger MSOs that may have access to public markets, more experienced management teams, or further along in terms of reaching scale. The Company is positioning itself to minimize all of the above risks through accretive acquisitions, superior execution, and thoughtful location of retail and manufacturing sites.

Revenues

As the Company only became a reporting issuer in 2019 as a result of the Business Combination, only the revenues for the financial years ended December 31, 2019 and December 31, 2020 are provided.

The Company recognized total net revenues of US \$80.8 million and \$10.2 million for the years ended December 31, 2020 and 2019, respectively.

Management Services

A subsidiary of the Company provides certain management and consulting services to an Ohio MMP pursuant to a management services agreement entered into in June of 2019. The Company through its subsidiary, has assisted the Ohio MMP with facility design, construction management and vendor selection with respect to the building of the Ohio MMP's approximately 8,000 square foot facility. The construction of the facility was recently completed and the commencement of operations is pending regulatory approval. The Company, through its subsidiary, also provides administrative services. The Company, through a subsidiary, also entered into a purchase agreement to acquire the Ohio MMP subject to state and local approvals and certain other conditions.

Intangible Assets

The Company takes a de-centralized branding approach to its business, where appropriate. In connection therewith, the Company has U.S. trademark registrations, including for 'REFINED KNOWLEDGE' and 'JUSHI' pending before the U.S. Patent and Trademark Office. Further, the Company acquired the Clinic IP, including brands, formulations, standard operating procedures and manuals, which the Company may use anywhere in the world other than Colorado, Illinois, New York and Oregon.

Intangible assets (excluding goodwill) consisted of the following (in thousands):

	Indefinite Life Intangible Asset			Finite Life Intangible Asset					Total	
	Licenses	Formulations	Internally Generated Intangibles	Franchise Agreements	Intellectual Property	Patient Database	Tradenames	Non-Compete		Website Development
Cost:										
Balance at December 31, 2018	\$ —	\$ 50	\$ —	\$ 1,850	\$ 1,290	\$ 880	\$ 50	\$ 8	\$ —	\$ 4,128
Additions ⁽¹⁾	75,000	—	585	—	9,580	270	5,330	160	61	90,986
Balance at December 31, 2019	\$ 75,000	\$ 50	\$ 585	\$ 1,850	\$ 10,870	\$ 1,150	\$ 5,380	\$ 168	\$ 61	\$ 95,114
Additions ⁽¹⁾	43,080	—	—	—	—	1,675	—	—	—	44,755
Disposals ⁽²⁾	—	—	(585)	(1,850)	(1,290)	(881)	—	(8)	—	(4,614)
Balance at December 31, 2020	\$118,080	\$ 50	\$ —	\$ —	\$ 9,580	\$ 1,944	\$ 5,380	\$ 160	\$ 61	\$ 135,255
Accumulated amortization:										
Balance at December 31, 2018				\$ (104)	\$ (96)	\$ (9)	\$ —	\$ (1)	\$ —	\$ (210)
Amortization expense				\$ (133)	\$ (682)	\$ (80)	\$ (285)	\$ (27)	\$ (11)	\$ (1,218)
Balance at December 31, 2019				\$ (237)	\$ (778)	\$ (89)	\$ (285)	\$ (28)	\$ (11)	\$ (1,428)
Amortization expense				(11)	(969)	(751)	(556)	(54)	(50)	\$ (2,391)
Disposals ⁽²⁾				248	231	110	—	3	—	\$ 592
Balance at December 31, 2020				—	(1,516)	(730)	(841)	(79)	(61)	\$ (3,227)
Net book value:										
Balance at December 31, 2019	\$ 75,000	\$ 50	\$ 585	\$ 1,613	\$ 10,092	\$ 1,061	\$ 5,095	\$ 140	\$ 50	\$ 93,686
Balance at December 31, 2020	\$118,080	\$ 50	\$ —	\$ —	\$ 8,064	\$ 1,214	\$ 4,539	\$ 81	\$ —	\$ 132,028
Estimated useful life				14 years	10 - 10.5 years	0.25-15 years	1-15 years	3-5 years	3 years	

Employees

As of December 31, 2020, the Company had approximately 557 employees. The Company seeks to attract, hire and promote the most qualified and diverse candidates for each position. Based on both acquisitions and hires, the Company leverages experience from multiple individuals that have been in the regulated cannabis market over the past 10 years. The Company draws upon this knowledge base and proven training program to develop and educate employees. With policies and procedures that have successfully been rolled out in multiple markets, the Company uses these proven policies and procedures where applicable to other businesses in order to meet the operational expectations for each market. The Company seeks to ensure that staff are appropriately trained and ensure the safety and welfare of employees at Company facilities. Leveraging existing operations in legal adult use states, all new employees receive true hands-on training prior to starting in their new market. Setting the tone from the top, the Company's executive team goes above and beyond to seek to ensure that all individuals within the Company are held to the highest standards, particularly with respect to compliance.

As of May 31, 2021, the Company had 854 employees.

Foreign Operations

The Company does not currently have any foreign operations. Neither the Company nor any reportable segment of the Company has any dependence upon foreign operations. Please see the subsection entitled "European Operations" in the "General Development of the Business" section for more information on the current status of the Company's activities outside the United States.

Investment Policies

The Company may provide working capital facilities to its acquisition targets in order to fund development of assets prior to completion of the acquisitions, where legally permissible or for the benefit of the Company.

No Bankruptcy Proceedings

There are presently no bankruptcy, receivership, or similar proceedings against the Company or any of its subsidiaries, including voluntary bankruptcy, receivership, or similar proceedings, nor have there been any such proceedings within the three (3) most recently completed financial years.

Material Restructuring Transactions

Refer to “Corporate Structure” contained herein.

Recent Developments Related to COVID-19

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

U.S. Regulatory Environment

In accordance with Staff Notice 51-352, below is a table of concordance that is intended to assist readers in identifying those parts of this AIF that address the disclosure expectations outlined in Staff Notice 51-352.

The following table is intended to assist readers in identifying those parts of this AIF 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	AIF Cross Reference
All Issuers with U.S. Marijuana-Related Activities	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.	<i>General Development of the Business</i> <i>Description of the Business</i>
	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	<i>Risk Factors</i>
	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.	<i>Description of the Business</i> <i>Risk Factors</i>
	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.	<i>Risk Factors</i>
	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 options are / are not available in order to support continuing operations.	<i>Risk Factors</i>
	Quantify the issuer's balance sheet and operating statement exposure to U.S. marijuana-related activities.	<i>Additional Information</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.	<i>State Regulatory Environment</i>

	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 license, business activities or operations.	<i>Description of the Business</i>
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.	<i>Description of the Business</i>
	Provide reasonable assurance, through either positive or negative statements, that the investee's business is 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>Description of the Business</i> <i>Legal Proceedings and Regulatory Actions</i>
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, California, and Virginia and has filed applications for licenses to engage in the manufacture, possession, use, sale, distribution or branding of cannabis and/or licenses in the adult use and/or medicinal cannabis marketplace in the states of California, Illinois, 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.

As of December 31, 2020, the Company operated, directly or indirectly, the cultivation or distribution of marijuana in the United States as more specifically described below:

Name	State	Ownership ¹	Nature of Industry Involvement ²	Permitted No. of Facilities	Operational
Beyond Hello IL, LLC	IL	100% equity ownership	Direct – adult use and medical cannabis sales	4 dispensaries	3 dispensaries
Franklin Bioscience – Penn, LLC ³	PA	100% equity ownership	Direct – medical cannabis sales	12 dispensaries	7 dispensaries
Agape Total Health Care Inc.	PA	100% equity ownership	Direct – medical cannabis sales	3 dispensaries	1 dispensary
Pennsylvania Medical Solutions, LLC	PA	100% equity ownership	Direct – medical cannabis cultivation and processing	1 cultivation 1 processing	1 cultivation 1 processing
Pennsylvania Dispensary Solutions, LLC	PA	100% equity ownership	Direct – medical cannabis cultivation and processing	3 dispensaries	2 dispensaries
Dalitto LLC	VA	100% equity ownership	Direct – medical cannabis cultivation, processing and sales	6 dispensaries 1 cultivation 1 processing	1 dispensary 1 cultivation
GSG SBCA Inc.	CA	100% equity ownership	Direct – adult use and medical cannabis sales	1 dispensary	1 dispensary
Franklin Bioscience NV, LLC	NV	N/A ⁴	Indirect ⁴ – adult use and medical cannabis cultivation and processing	1 cultivation 1 processing	1 cultivation 1 processing

Notes:

1. Ownership may be direct or indirect through one or more additional subsidiaries. See “Organizational Chart”.
2. As defined in Staff Notice 51-352, direct industry involvement arises when an issuer, or a subsidiary that it controls, is directly engaged in the cultivation or distribution of marijuana in accordance with a U.S. state license.
3. Though its acquisition of Franklin Bioscience – Penn, LLC, the Company also acquired all the membership interests of FBS Penn’s wholly-owned subsidiaries Franklin Bioscience – NE, LLC, Franklin Bioscience – SE, LLC and Franklin Bioscience – SW, LLC. These entities collectively hold one Phase I and three Phase II dispensary permits in the Commonwealth of Pennsylvania.
4. Subsequent to December 31, 2020, the Company, through a subsidiary, has purchased 100% of the outstanding equity of FBS-NV and now has direct control (previously had indirect control through a management services agreement).

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, 36 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 16 of those states and the District of Columbia have passed laws legalizing marijuana for adult use.

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 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. Additionally, newly confirmed Attorney General Merrick Garland’s testimony relating to cannabis during his confirmation hearings and his focus on states’ rights to legalize and regulate cannabis suggests federal policies under the Biden Administration will be reasonably consistent with those under the Obama Administration.

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, 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 December 31, 2020, 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.

Though there is no guarantee the Biden 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. It is also increasingly likely that the SAFE Banking Act, which was recently reintroduced and has significant momentum in the House and Senate, as well as the support of the American Banking Association, could be passed in the near term and remove issues flowing from U.S. banking laws.

Finally, revenue from the Company's marijuana operations is subject to Section 280E of the Internal Revenue Service 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 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 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 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, 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 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 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 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 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 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 BCC, the California Department of Food and Agriculture, the 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.

To the knowledge of management of the Company, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action specific to the State of California.

California Licenses

As of December 31, 2020, the Company, through its subsidiaries, held one medical and adult use cannabis business license to operate a dispensary in Santa Barbara, California. The Company's dispensary located in Santa Barbara is currently operational. Further, the Company estimates its dispensary in Grover Beach will complete licensing inspections and be operational in the third quarter of 2021. Additionally, the Company, through subsidiaries, has applied (or intends to apply) to State and local licensing authorities for new adult use and/or medical storefront licenses in California, or is pursuing change of ownership and/or control approval for existing enterprises in similar jurisdictions, including Culver City, Palm Springs and Santa Barbara County 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 METRC as the State's 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 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, facilitates, 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.

The Company is in compliance with the laws of the State of California and the related cannabis licensing framework. There are no current incidences of non-compliance, citations or notices of violation which are outstanding which may have an impact on the Company's licenses, business activities or operations in the State of California. Notwithstanding the foregoing, like most businesses, the Company may from time-to-time experience incidences of non-compliance with applicable rules and regulations in the states in which the Company operates, including the State of California, and such non-compliance may have an impact on the Company's licenses, business activities or operations in the applicable state. However, the Company takes steps to minimize, disclose and remedy all incidences of non-compliance which may have an impact on the Company's licenses, business activities or operations in all states in which the Company operates, including the State of California. See "Regulatory Framework – Compliance".

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 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 and challenges to the application process.

The IL DOA 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 DOA 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 sq. ft. of canopy space. Cultivation center are also prohibited from discriminating in price when selling to dispensaries, craft growers, or infuser organizations. The IL DOA is also permitted to license up to 40 craft growers and 40 infuser organizations by July 1, 2020 (license awards which were delayed due to the COVID-19 pandemic) and another 60 of each license type by the end of 2021. The IL DOA closed an application period for craft growers, infusers, and cannabis transporters in March 2020.

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 DOA 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.

To the knowledge of management of the Company, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action specific to the State of Illinois.

Illinois Licenses

As of December 31, 2020, the Company operates three adult use (with two co-located medical) cannabis dispensaries in the State of Illinois, located in or around the cities of Sauget and Normal. On January 26, 2021, the Company opened its fourth adult use cannabis dispensary in the State of Illinois, located in the city of Bloomington. All four dispensaries are operated under the Company's "BEYOND/HELLO™" brand.

All medical and adult use 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, 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, unless otherwise approved by the IDFPR. 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 IDFPR 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, provided that such prohibition was and remains suspended pursuant to Executive Order 2020-45. 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.

The Company is in compliance with the laws of the State of Illinois and the related cannabis licensing framework. There are no current incidences of non-compliance, citations or notices of violation outstanding which have an impact on the Company's licenses, business activities or operations in the State of Illinois. Notwithstanding the foregoing, like all businesses the Company may from time-to-time experience incidences of non-compliance with applicable rules and regulations in the states in which the Company operates, including the State of Illinois, and such non-compliance may have an impact on the Company's licenses, business activities or operations in the applicable state. However, the Company takes steps to minimize, disclose and remedy all incidences of non-compliance which may have an impact on the Company's licenses, business activities or operations in all states in which the Company operates, including the State of Illinois.

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 CCB 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.

To the knowledge of management of the Company, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action specific to the State of Nevada.

Nevada Licenses

FBS-NV holds medical and adult-use cannabis cultivation, processing and distribution licenses issued by the NV CCB and a hemp handler license issued by the NV DOA. Under applicable laws, licenses issued by the NV CCB 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 CCB under the provisions of Nevada Revised Statutes section 453A.

All marijuana establishments must register with the NV CCB. 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 CCB 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 CCB and include a renewal form. The renewal periods serve as an update for the NV CCB 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 CCB 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 under state law.

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.

There are no incidences of non-compliance, citations or notices of violation outstanding which have an impact on the Company's licenses, business activities or operations in the State of Nevada. Notwithstanding the foregoing, as discussed in more detail under the subsection entitled "*Compliance*" below, like all businesses the Company may from time-to-time experience incidences of non-compliance with applicable rules and regulations in the states in which the Company operates, including the State of Nevada, and such non-compliance may have an impact on the Company's licenses, business activities or operations in the applicable state. However, the Company takes steps to minimize, disclose and remedy all incidences of non-compliance which may have an impact on the Company's licenses, business activities or operations in all states in which the Company operates, including the State of Nevada. The Company is not aware of any incidence of non-compliance, citations or notices of violation received by FBS-NV or the failure of FBS-NV to comply with applicable licensing requirements and the regulatory framework enacted by the State of Nevada.

Ohio

Ohio Regulatory Landscape

House Bill 523, effective on September 8, 2016, legalized medical marijuana in Ohio. The 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: (i) inhalation of marijuana through a vaporizer (not direct smoking); (ii) oils; (iii) Tinctures; (iv) plant material; (v) edibles; (vi) patches and (vii) any other forms approved by the State Board of Pharmacy.

To the knowledge of management of the Company, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action specific to the State of Ohio.

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 in Ohio. The Company expects such provisionally licensed medical marijuana processor to begin operations in Q2 2021.

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 one-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 45 days.

There are no current incidences of non-compliance, citations or notices of violation outstanding which have an impact on the Company's business activities or operations in the State of Ohio. Notwithstanding the foregoing, like all businesses the Company may from time-to-time experience incidences of non-compliance with applicable rules and regulations in the states in which the Company operates, including the State of Ohio, and such non-compliance may have an impact on the Company's business activities or operations in the state. However, the Company takes steps to minimize, disclose and remedy all incidences of non-compliance which may have an impact on the Company's licenses, business activities or operations in all states in which the Company operates, including the State of Ohio. The Company is not aware of any incidence of non-compliance, citations or notices of violation

received by the provisionally licensed medical marijuana processor that will be operated by the Company pursuant to the applicable management services agreement or the failure of the provisionally licensed medical marijuana processor to comply with applicable licensing requirements and the regulatory framework enacted by the State of Ohio.

Pennsylvania

Pennsylvania Regulatory Landscape

PAMMA 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 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.

To the knowledge of management of the Company, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action specific to the Commonwealth of Pennsylvania.

Pennsylvania Licenses

Certain of the Company’s subsidiaries collectively hold amongst them six dispensary permits, allowing for up to 18 medical marijuana retail dispensary locations in applicable regions within the Commonwealth of Pennsylvania, and one grower/processor (“GP”) permit allowing the Company to cultivate cannabis and produce cannabis products in an approved facility located in Scranton. As of December 31, 2020, the Company, through its subsidiaries, operated ten medical cannabis dispensaries in the Commonwealth of Pennsylvania, located in or around the cities of Ardmore, Bethlehem, Bristol, Johnstown, Philadelphia (two locations), Reading, Scranton (two locations), and West Chester. Since December 31, 2020, on March 12, 2021 the Company has further opened, through its subsidiary Franklin Bioscience – SW LLC, its eleventh medical cannabis dispensary in the Commonwealth of Pennsylvania, located in Irwin. All eleven dispensaries are operated under the Company’s BEYOND/HELLO™ brand.

All dispensaries and GPs 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 GP facilities and allows the sale of marijuana and marijuana products to registered patients. Each GP facility license permits the holder to sell marijuana biomass to other licensed GP and marijuana products to licensed retail dispensaries.

Site-Visits & Inspections

All licensed dispensary locations and GP facilities must be inspected and approved by the PA DOH before commencing live operations. Thereafter, all licensed facilities 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.

The Company is in compliance with the laws of the Commonwealth of Pennsylvania and the related cannabis licensing framework. There are no current incidences of non-compliance, citations or notices of violation outstanding which have an impact on the Company's licenses, business activities or operations in the Commonwealth of Pennsylvania. Notwithstanding the foregoing, like all businesses the Company may from time-to-time experience incidences of non-compliance with applicable rules and regulations in the states in which the Company operates, including the Commonwealth of Pennsylvania, and such non-compliance may have an impact on the Company's licenses, business activities or operations in the applicable state. However, the Company takes steps to minimize, disclose and remedy all incidences of non-compliance which may have an impact on the Company's licenses, business activities or operations in all states in which the Company operates, including the Commonwealth of Pennsylvania. See "*Regulatory Framework – Compliance*".

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 cannabis 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 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 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, and a subset of the regulations implementing the March 2020 legislation became effective on September 30, 2020 with the remaining provisions taking effect on February 8, 2021.

During a Special Session of the Virginia General Assembly in February 2021, five critical bills passed. First, SB 1333 and its counterpart HB 2218 passed with bipartisan support. These bills authorize pharmaceutical processors to produce, distribute and dispense (as well as wholesale and remediate) botanical cannabis or “flower” products. This legislation was signed by the Governor without amendment and will become effective on July 1, 2021. Regulations implementing the “flower” bill must be promulgated and adopted no later than September 1, 2021 and the anticipated timeline for those regulations to become effective is approximately Q4 2021. Second, HB 1988, which updates several provisions of the Virginia Pharmacy Law relating to pharmaceutical processor operations, passed unanimously and was signed by the Governor without amendment. This bill makes twenty-five changes to the current medical cannabis program designed to improve patient access to medical cannabis products, pharmaceutical processors, and registered practitioners as well as reduce or eliminate unnecessary or inappropriate operational mandates that do not improve patient or product safety. This bill will also become effective on July 1, 2021. Implementing regulations must be promulgated and adopted no later than September 1, 2021 and the anticipated timeline for those regulations to become effective is approximately Q4 2021. Finally, a cannabis legalization bill, subject to re-enactment was passed but has not yet been signed into law. Under the bill passed by the General Assembly, pharmaceutical processors are authorized to participate in the adult use market on a vertically integrated, co-located basis upon payment of a fee.

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

To the knowledge of management of the Company, there have not been any statements or guidance made by federal authorities or prosecutors regarding the risk of enforcement action specific to the Commonwealth of Virginia.

Virginia Licenses

Dalitso currently has 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. As of December 31, 2020, the Company operates one medical cannabis dispensary and engages in cultivation operations in the Commonwealth of Virginia at the Company’s facility located in Prince William County. The dispensary is operated under the Company’s BEYOND/HELLO™ brand. The Company is permitted to open five additional dispensaries in the Commonwealth of Virginia, and to engage in processing operations at the Manassas Facility.

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 that involve handling 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 cannabis oils 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).

The Company is in compliance with the laws of the Commonwealth of Virginia and the related cannabis licensing framework. There are no current incidences of non-compliance, citations or notices of violation outstanding which have an impact on the Company's licenses, business activities or operations in the Commonwealth of Virginia. Notwithstanding the foregoing, like all businesses the Company may from time-to-time experience incidences of non-compliance with applicable rules and regulations in the states in which the Company operates, including the Commonwealth of Virginia, and such non-compliance may have an impact on the Company's licenses, business activities or operations in the applicable state. However, the Company takes steps to minimize, disclose and remedy all incidences of non-compliance which may have an impact on the Company's licenses, business activities or operations in all states in which the Company operates, including the Commonwealth of Virginia. See "*Regulatory Framework – Compliance*".

New Jersey

New Jersey Regulatory Landscape

New Jersey's medical cannabis program was introduced in January 2010 when then Governor Corzine signed CUMMA 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 ATC's 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 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 NJ DOH 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 Original Farm Bill (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 the 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 NY DOA regulatory oversight and moved to the NY DOH, which regulates medical cannabis. State regulators have initiated the process of transitioning licensees, such as Sound Wellness, from NY DOA to NY DOH. This process has continued through calendar year 2020. While NY DOH has promulgated hemp regulations, the Company does not intend to operate under its Industrial Hemp Research Partner Agreement, and for that reason, is in the process of surrendering its Research Partner Agreement.

Massachusetts

Massachusetts Regulatory Landscape

Cannabis for medical use was legalized in Massachusetts by a voter approval of the Massachusetts Medical Marijuana Initiative in 2012. The law took effect on January 1, 2013, eliminating criminal and civil penalties for the possession and use of up to a 60-day or ten (10) ounce supply of marijuana for medical use for patients possessing a State-issued registration card. On November 8, 2016, Massachusetts voters approved Question 4 of the Massachusetts Marijuana Legalization, Regulation and Taxation of Marijuana Initiative, which allowed for recreational or “adult-use” cannabis in the Commonwealth. On July 28 2017, the Cannabis Control Commission (“CCC”) was established under Chapter 55 of the Acts of 2017 (the “Massachusetts Act”) to implement and administer laws enabling access to medical and adult-use cannabis. The Commission was appointed on September 12, 2017. On November 16, 2018, the CCC issued the first notices for retail marijuana establishments to commence adult-use operations in Massachusetts. Under the current law, there are no State-wide limits on the total number of licenses issued; however, no individual or entity shall be an owner or a controlling person over more than three licenses in a particular class of license. Similarly, no individual, corporation or other entity shall be an owner or in a position to control the decision making of more than three licenses in a particular class of license. In addition, all marijuana establishments are required to enter into host community agreements with the municipality in which they are located.

Licenses and Regulations

The Company does not currently hold any licenses in the State of Massachusetts. Pursuant to the Agreement between the Company and Nature's Remedy, upon closing of the transaction the Company, through an affiliate, will acquire the licenses currently held by Nature's Remedy, which include one (1) final adult-use cultivation license, one (1) final adult-use product manufacturer license and two (2) final adult-use retailer licenses in the Commonwealth of Massachusetts. Nature's Remedy also holds one (1) provisional license for adult-use cultivation. Furthermore, Nature's Remedy holds one (1) medical licenses that permits vertically-integrated operations including the ability to maintain one (1) medical marijuana dispensary in the Commonwealth of Massachusetts.

Under the terms of the adult-use marijuana cultivator license, the licensee may cultivate, process and package marijuana, and to transfer marijuana products to marijuana establishments, but not to consumers. An adult-use marijuana product manufacturer is an entity authorized to obtain, manufacture, process and package marijuana and marijuana products, to transfer marijuana and marijuana products to marijuana establishments, but not to consumers. An adult-use marijuana retailer is an entity authorized to purchase, repackage, white label, and transport marijuana and marijuana products from marijuana establishments and to transfer marijuana and marijuana products to marijuana establishments and to sell to consumers. The medical marijuana treatment center (“MTC”) licenses are vertically integrated and permit a licensee to cultivate, manufacture, process, package, transport, deliver sell, and purchase marijuana pursuant to the terms of the medical licenses. Massachusetts does not issue a single vertically integrated adult-use license like the MTC license. License types for adult-use are individual for each function and a licensee may pursue multiple license types. Because marijuana is not federally legal, a licensee can sell only cannabis that is grown and manufactured in the Commonwealth of Massachusetts.

An adult-use marijuana retailer provides a retail location which may be accessed by consumers 21 years of age or older or, if the retailer is co-located with a MTC by individuals who are registered qualifying patients with the Medical Use of Marijuana Program with a registration card. In order for a customer to be dispensed marijuana, they must present a valid government issued photo ID immediately upon entry of the retail facility. If the individual is younger than 21 years old but 18 years of age or older, he or she shall not be admitted unless he or she produces an

active medical registration card issued by the CCC. If the individual is younger than 18 years old, he or she shall not be admitted unless he or she produces an active medical registration card and is accompanied by a personal caregiver with an active medical registration card. In addition to the medical registration card, registered qualifying patients 18 years of age and older and personal caregivers must also produce proof of identification. Each recreational customer may be dispensed no more than one ounce of marijuana or five grams of marijuana concentrate per transaction as outlined in 935 CMR 500.140(3)(a)(1). Medical patients may be dispensed up to a 60-day supply of marijuana, or the equivalent amount of marijuana in marijuana infused products, that a registered qualifying patient would reasonably be expected to need over a period of 60 calendar days for his or her personal medical use, which is ten ounces, subject to 935 CMR 501.140(3)(a). Allowable forms of marijuana in Massachusetts include smokable dried flower, dried flower for vaporizing, cannabis derivative products (i.e., vape pens, gel caps, tinctures, etc.) and medical cannabis-infused products, including edibles.

Reporting Requirements

The CCC has selected METRC as the State's seed to sale tracking () system used to track commercial cannabis activity and movement across the distribution chain. The system allows for other third-party system integration via API.

Compliance

With the oversight and under the direction of the VP of Compliance, the Company's legal department, 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 & 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.

Notwithstanding the foregoing, from time to time, as with all businesses and all rules, it is anticipated that the Company, through its subsidiaries and establishments to which the Company provides operational support, may experience incidences of non-compliance with applicable rules and regulations, which may include minor matters such as:

- staying open slightly too late due to an excess of customers at stated closing time;
- minor inventory discrepancies with regulatory reporting software;
- missing fields in regulatory reports;
- missing fields entries in a visitor log;
- cleaning schedules not available on display;
- educational materials and/or interpreter services not available in a sufficient number of languages;
- updated staffing plan not immediately available on site;
- improper illumination of external signage;
- marijuana infused product utensils improperly stored;
- partial obstruction of camera views; and/or
- supplemental use of onsite surveillance room (i.e., storage).

In addition, either on an inspection basis or in response to complaints, such as from neighbors, customers or former employees, State or local regulators may, among other things, issue investigatory- or demand-type letters, give warnings to or cite businesses which the Company operates or for which the Company provides operational support for violations, including those listed above. Such regulatory actions could lead to a requirement or directive to submit and thereafter comply with (for example) a plan of correction. Depending on the jurisdiction, it is also possible regulators may assess penalties and/or amendments, suspensions or revocations of licenses or otherwise take action that may impact the Company's licenses, business activities, operational support activities or operations.

To minimize opportunities for non-compliance and among other measures, the Company has implemented regular compliance reviews to ensure its subsidiaries and establishments to which it provides operational support are operating in conformance with applicable State and local cannabis rules and regulations. In the event non-compliance is discovered, during a compliance review or otherwise, the Company will promptly remedy the same, including by self-reporting to applicable State and local cannabis regulators as and when required by law and will make all requisite and appropriate public disclosures of non-compliance, citations, notices of violation and the like which may have an impact on its licenses, business activities, operational support activities or operations.

In addition to the above disclosure, please see "Risk Factors" below for more information about risks associated with the Company's operations.

RISK FACTORS

The Company is subject to various risks and uncertainties and an investment in securities of the Company should be considered highly speculative. Prior to making an investment decision, investors should consider the investment risks set forth below and those described elsewhere in this AIF, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The Company considers the risks set forth below to be the most significant, but do not consider them to be all the risks associated with an investment in securities of the Company.

If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Company is currently unaware or which the Company considers not to be material in connection the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline, and investors may lose all or part of their investment. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF.

Risks Related to the Regulatory Environment

U.S. federal law and enforcement pertaining to cannabis and hemp

As of March 31, 2021, eleven states have passed CBD / low THC legislation authorizing medical marijuana programs while thirty-six states and the District of Columbia have passed legislation authorizing comprehensive medical marijuana programs, sixteen of which and the District of Columbia have passed legislation authorizing adult use marijuana. Marijuana remains fully illegal in fourteen states, though access to certain cannabinoids, particularly hemp-derived CBD, is only prohibited in three states.

Twenty-Six states and the District of Columbia have passed legislation decriminalizing marijuana possession to some extent (twenty states and the District of Columbia have fully decriminalized possession, while six states have partially decriminalized by passing legislation that retains the criminal classification of possession offenses but removes the threat of incarceration). See <https://norml.org/laws/decriminalization/>

Conversely, under the CSA, the U.S. Government lists cannabis (marijuana) as a Schedule I controlled substance (i.e., deemed to have no medical value), and accordingly the manufacture (growth), sale, or possession of cannabis is federally illegal. It is also federally illegal to advertise the sale of cannabis or to sell paraphernalia designed or intended primarily for use with cannabis, unless the paraphernalia is authorized by federal, state, or local law. The U.S. Supreme Court ruled in *U.S. v. Oakland Cannabis Buyers' Coop.*, 532 U.S. 483 (2001), and *Gonzales v. Raich*, 545 U.S. 1 (2005), that the federal government has the right to regulate and criminalize cannabis, even for personal medical purposes.

Violations of any U.S. federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the U.S. federal government or private citizens, or criminal charges, including, but not limited to, significant penalties, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Company, including its reputation and ability to conduct business, its holding (directly or indirectly) of medical cannabis licenses in the U.S., the listing of its securities on various stock exchanges, the settlement of trades of its securities, its ability to obtain banking services, its financial position, operating results, profitability or liquidity or the market price of publicly traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or their final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

Under the Obama administration in 2013, the DOJ issued the Cole Memo, which gave U.S. Attorneys discretion not to enforce federal law in states with legalization regimes that adequately addressed the eight federal priorities of preventing: (i) the distribution of cannabis to minors; (ii) revenue from the sale of cannabis from going to criminal enterprises, gangs, and cartels; (iii) the diversion of cannabis from states where it is legal under state law in some form to other states; (iv) state authorized cannabis activities from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; (v) violence and the use of firearms in the cultivation and distribution of cannabis; (vi) drugged driving and exacerbation of other adverse public health consequences associated with cannabis use; (vii) the growing of cannabis on public lands and the attendant public safety and environmental dangers posed by cannabis production on public lands; and (viii) cannabis possession or use on federal property. Noting that the DOJ was “committed to using its limited investigative and prosecutorial resources to address the most significant threat in the most effective, consistent, and rational way,” the Cole Memo served “as guidance to the Department attorneys in law enforcement to focus their enforcement resources and efforts, including prosecution, on persons or organizations whose conduct interferes with any one or more of these priorities, regardless of state law.”

On January 4, 2018, however, then as former Attorney General, Jeff Sessions rescinded the Cole Memo and other DOJ guidance on cannabis law enforcement. Sessions wrote that the CSA, the money laundering statutes, and the Bank Secrecy Act “reflect Congress’s determination that marijuana is a dangerous drug in that marijuana activity is a serious crime.” Instead of following the Cole Memo guidance, “prosecutors should follow the well-established principles that govern all federal prosecutions. These principles require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community.” The ramifications of this change in policy are unclear. Since the Cole Memo was rescinded, however, U.S. Attorneys have taken no legal action against state law compliant entities. In addition, Sessions resigned and left the DOJ, and Attorney General nominee William Barr testified in his nomination and subsequently wrote that, as Attorney General, he would not seek to prosecute companies that relied on the Cole Memo and are complying with state law.

The current uncertainty about federal enforcement is more acute with respect to the state adult use programs because federal law currently precludes federal interference with the state medical cannabis programs. Starting in December 2014, Congress included in its omnibus spending bill the Rohrabacher-Farr Amendment, which prohibits the DOJ and the Drug Enforcement Administration from using funds to interfere with state medical cannabis programs “to prevent...States from implementing their own State laws that authorize the use, distribution, possession, or cultivation of medical marijuana.” Courts have interpreted the protection to preclude any prosecution against those in strict compliance with state medical cannabis laws. While the Joyce protection prevents prosecutions, it does not make cannabis legal. Accordingly, the U.S. Appellate Court for the Ninth Circuit noted in a footnote that, if the protection were lifted, the federal government could prosecute any conduct within the statute of limitations. In other words, if Congress does not renew the Joyce protection, the federal government could commence prosecuting cannabis companies for any activity occurring within the statute of limitations even if the Joyce protection was in place when the federally illegal activity occurred.

The Joyce protection depends on its continued inclusion in the federal omnibus spending bill, or inclusion in some other legislation, and entities’ strict compliance with the state medical cannabis laws. That protection has been extended through the most recent spending bill.

Until Congress changes the law with respect to medical cannabis and particularly if the Congress does not extend the Joyce protection of state medical cannabis programs, there is a risk that federal authorities may enforce current federal cannabis law, and the Company may be found to violate federal law by growing, processing, possessing, and selling cannabis, by possessing and selling drug paraphernalia, and by laundering the proceeds of the sale of cannabis or otherwise violating the money laundering laws or the Bank Secrecy Act. Active enforcement of the current federal regulatory position on cannabis may thus directly or indirectly adversely affect the Company’s revenues and profits.

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

Regardless of the federal government's criminal enforcement, federal prohibition otherwise can negatively affect businesses involved in the cannabis industry for several reasons including that: most banks refuse to serve cannabis companies, making banking and other financial transactions difficult; businesses trafficking in cannabis may not take tax deductions for costs beyond costs of goods sold under Section 280E of the Code; cannabis businesses have restricted intellectual property rights particularly with respect to obtaining trademarks and enforcing patents; and cannabis businesses may face court action by third parties under the Racketeer Influenced and Corrupt Organizations Act. Any of these risks could make it difficult for the Company to operate or could impact its profitability. In addition, cannabis businesses cannot avail themselves of federal bankruptcy protection and face fewer and generally more expensive options for insurance coverage.

Investors should understand that there is no guarantee that the current administration will not change federal enforcement policy or execution in the future. Additionally, any new administration or attorney general could change this policy and decide to enforce the federal laws more strongly. A change in the federal approach towards enforcement could negatively affect the industry, potentially ending it entirely. Any such change in the federal government's enforcement of current federal laws could cause significant financial damage to the Company. The legal uncertainty and possible future changes in law could negatively affect the Company's existence, expansion plans, revenues, profits, and success generally.

Until recently, hemp (defined as *Cannabis sativa* L. with a THC concentration of not more than 0.3 percent on a dry weight basis) and hemp's extracts (except mature stalks, fiber produced from the stalks, oil or cake made from the seeds, and any other compound, manufacture, salt derivative, mixture, or preparation of such parts) were illegal Schedule I controlled substances under the CSA. The Original Farm Bill legalized the cultivation of industrial hemp for research under programs established by states. The majority of states established programs purportedly in compliance with the Original Farm Bill. Many industry participants and even states interpreted the law to include "research" into commercialization and commercial markets.

In December 2018, the U.S. government changed the legal status of hemp. The Farm Bill, removed hemp and extracts of hemp, including CBD, from the CSA schedules. Accordingly, the production, sale, and possession of hemp or extracts of hemp including CBD no longer violate the CSA. For hemp farmers and hemp product producers, the law expands banking options, expands intellectual property protection and enforceability, decreases tax liabilities, and makes crop insurance available. The law also grandfathered Original Farm Bill industrial hemp research programs for at least one year.

Notably, the Farm Bill did not make hemp nationally legal and did not implement the legalization in permissive states. States can still prohibit hemp or limit hemp more stringently than the federal regulations will, although hemp may pass through all states, regardless of the particular state's law on growth and sales. The Farm Bill directs the USDA to create federal regulations and to set the framework for states to regulate their regulations. On October 31, 2019, the USDA published an interim final rule for the establishment of a domestic hemp production program. The rule had a sixty-day comment period and is effective from October 31, 2019 through November 1, 2021. For states choosing to permit and regulate hemp and hemp extracts, the state department of agriculture, in consultation with the state's governor and chief law enforcement officer, will devise a plan, which the USDA must approve. For states permitting, but opting out of regulating, hemp, the rule constructs a regulatory program under which hemp cultivators must apply for licenses and comply with the federally run program. Federal requirements for producers will include maintaining information about land and procedures for testing THC levels and disposing of hemp or by-products that exceed 0.3% THC.

The section of the Farm Bill establishing a framework for hemp production also states explicitly that it does not affect or modify FDCA, section 351 of the Public Health Service Act (addressing the regulation of biological products), the authority of the Commissioner of the FDA under those laws, or the Commissioner's authority to regulate hemp production under those laws.

Within hours of President Trump signing the Farm Bill, FDA Commissioner Scott Gottlieb, who subsequently resigned from the FDA, issues a statement reminding the public of the FDA's continued authority "to regulate products containing cannabis or cannabis-derived compounds under the FDCA and section 351 of the Public Health Service Act." (Statement, dated Dec. 20, 2018, available at <https://www.fda.gov/NewsEvents/Newsroom/PressAnnouncements/ucm628988.htm>.) He continued: "additionally, it's unlawful under the FD&C Act to introduce food containing added CBD or THC into interstate commerce, or to market CBD or THC products, as, or in, dietary supplements, regardless of whether the substances are hemp-derived," because CBD had entered the FDA's jurisdiction when GW Pharmaceuticals submitted Sativex and Epidiolex, both containing CBD as an active ingredient, for testing.

The memo added that any cannabis product, whether derived from hemp or otherwise, marketed with a disease claim (e.g., therapeutic benefit, disease prevention) must be approved by the FDA for its intended use through one of the drug approval pathways prior to being introduced into interstate commerce. Notably, the FDA can look beyond the express claims to find that a product is a "drug." The definition of "drug" under the FDCA includes, in relevant part, "articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals" as well as "articles intended for use as a component of [a drug as defined in the other sections of the definition]." 21 U.S.C. § 321(g)(1). In determining "intended use," FDA has traditionally looked well beyond a product's actual label to statements made on websites, on social media, or orally by representatives of the company. Gottlieb did acknowledge that hemp foods not containing CBD or THC, such as hulled hemp seeds, hemp seed protein, hemp seed oil, are legal.

Notably, the FDA could take similar action on products with THC if the federal government ever similarly legalized cannabis.

Enforcement under the FDCA may be criminal or civil in nature and can include those who aid and abet a violation, or conspire to violate, the FDCA. Violations of the FDCA (21 U.S.C. § 331 (Prohibited acts)) are for first violations misdemeanors punishable by imprisonment up to one year or a fine or both and for second violations or violations committed with an "intent to defraud or mislead" felonies punishable by fines and imprisonment up to three years. 21 U.S.C. § 333(a). The fines provided for in 21 U.S.C. § 333(a) are low (US\$1000 and US\$3000), but under the Criminal Fine Improvements Act of 1987 the criminal fines can be increased significantly (approximately US\$100,000 - US\$500,000). Civil remedies under the FDCA include civil money penalties (see, e.g., 21 U.S.C. §333(b)and (f)(2)A), 21 C.F.R. §17.1), injunctions, and seizures (21 U.S.C §334). FDA also has a number of administrative remedies, e.g., warning letters, recalls, debarment.

Difficulty in accessing services of banks and/or other financial institutions

Financial transactions involving proceeds generated by cannabis-related conduct can form the basis for prosecution under the federal money laundering statutes, unlicensed money transmitter statute and the Bank Secrecy Act. Previous guidance issued by the FinCEN, a division of the U.S. Department of the Treasury, clarifies how financial institutions can provide services to cannabis-related businesses consistent with their obligations under the Bank Secrecy Act. Prior to the DOJ's announcement in January 2018 of the rescission of the Cole Memo and related memoranda, supplemental guidance from the DOJ directed federal prosecutors to consider the federal enforcement priorities enumerated in the Cole Memo when determining whether to charge institutions or individuals with any of the financial crimes described above based upon cannabis-related activity. It is unclear what impact the rescission of the Cole Memo will have, but federal prosecutors may increase enforcement activities against institutions or individuals that are conducting financial transactions related to cannabis activities. The increased uncertainty surrounding financial transactions related to cannabis activities may also result in financial institutions discontinuing services to the cannabis industry.

Consequently, those businesses involved in the regulated medical-use cannabis industry continue to encounter difficulty establishing banking relationships, which may increase over time. The Company's inability to maintain its current bank accounts would make it difficult for the Company to operate its businesses, increase its operating costs, and pose additional operational, logistical and security challenges and could result in its inability to implement its business plans.

Difficulty accessing public and private capital

While the Company is not able to obtain bank financing in the U.S. or financing from other U.S. federally regulated entities, the Company currently has access to equity financing through the private markets in Canada and the U.S. Since the use of marijuana is illegal under U.S. federal law, and in light of concerns in the banking industry regarding money laundering and other federal financial crime related to marijuana, U.S. banks have been reluctant to accept deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty finding a bank willing to accept its business. Likewise, marijuana businesses have limited access, if any, to credit card processing services. As a result, marijuana businesses in the U.S. are largely cash-based. This complicates the implementation of financial controls and increases security issues.

Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and businesses similar to the Company. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants. There can be no assurance that additional financing, if raised privately, will be available to the Company when needed or on terms which are acceptable to the Company. The Company's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

Lack of access to U.S. bankruptcy protections

Because the use of medical cannabis is illegal under federal law, many courts have denied cannabis businesses bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. If the Company were to experience a bankruptcy, there is no guarantee that U.S. federal bankruptcy protections would be available to the Company, which could have a material adverse effect on the financial condition and prospects of its businesses and on the rights of lenders to, and securityholders of, the Company.

Risks related to heightened scrutiny by regulatory authorities

For the reasons set forth above, the Company's existing operations in the U.S., and any future operations or investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada and the U.S. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to operate or invest in the U.S. or any other jurisdiction, in addition to those restrictions described herein. It had been reported in Canada that the Canadian Depository for Securities Limited was considering a policy shift that would see its subsidiary, CDS, refuse to settle trades for cannabis issuers that have activities in the U.S. CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis related activities in the U.S., despite media reports to the contrary and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of the MOU. The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the U.S. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers.

As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented at a time when the Subordinate Voting Shares or other securities of the Company are listed on a stock exchange, it would have a material adverse effect on the ability of holders of the Subordinate Voting Shares or such other securities to make and settle trades. In particular, the Subordinate Voting Shares or such other securities would become highly illiquid until an alternative was implemented and investors would have no ability to effect a trade of the Subordinate Voting Shares or such other securities through the facilities of the applicable stock exchange.

Risks related to U.S. anti-money laundering laws and regulations

Investments in the U.S. cannabis business are subject to a variety of laws and regulations that involve money laundering, financial recordkeeping and proceeds of crime, including the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the USA PATRIOT Act, other anti-money laundering laws, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S.

In February 2014, the U.S. Treasury Department FinCEN issued the FinCEN Memo providing guidance to banks seeking to provide services to cannabis-related businesses. The FinCEN Memo outlined circumstances under which banks may provide services to cannabis related businesses without risking prosecution for violation of the U.S. Bank Secrecy Act. It outlines due diligence and reporting requirements, which most banks have viewed as onerous. The Treasury Department has stated that the FinCEN Memo is current guidance but that the Department plans to issue revised guidelines on an unspecified future date.

In the event that any of the Company's transactions, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such transactions in the U.S. were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Company to declare or pay dividends or effect other distributions of funds and could materially and adversely affect the Company's businesses, financial conditions and results of operations.

Risks Related to the Company's Business and Industry

Risks related to operating in a highly regulated industry

Some state requirements may prove to be excessively onerous or otherwise impracticable for the Company to comply with, which may have the result of excluding such business opportunities from the list of possible transactions that the Company would otherwise consider.

In addition, laws and regulations affecting the U.S. cannabis industry are continually changing, which could detrimentally affect the operations of the Company. Local, state, and federal cannabis laws and regulations are broad in scope and subject to evolving interpretations, which could require the Company to incur substantial costs associated with compliance or alter its business plan. In addition, violations of these laws, or allegations of such violations, could disrupt the Company's businesses and result in a material adverse effect on its operations.

Successful execution of the Company's strategies is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products, including maintaining and renewing all applicable licenses. The commercial cannabis industry is still a nascent industry, and the Company cannot predict the impact of the compliance regime to which they will be subject. Similarly, the Company cannot predict the time required to secure all appropriate regulatory approvals for any of its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain, regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, financial condition and operating results of the Company. Without limiting the foregoing, failure to comply with the requirements of any underlying licenses or any failure to maintain any underlying licenses would have a material adverse impact on the business, financial condition and operating results of the Company. There can be no guarantees that any required licenses for the operation of our business will be extended or renewed in a timely manner, if at all, or that if they are extended or renewed, that the licenses will be extended or renewed on the same or similar terms.

The Company will incur ongoing costs and obligations related to regulatory compliance, and such costs may prove to be material. Failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions on the Company's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the Company.

Risks related to events or developments in the cannabis industry

Damage to the Company's reputation could be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. Cannabis has often been associated with various other narcotics, violence and criminal activities, the risk of which is that the Company's businesses may attract negative publicity. There is also risk that the action(s) of other participants, companies and service providers in the cannabis industry may negatively affect the reputation of the industry as a whole and thereby negatively impact the reputation of the Company. The increased use of social media and other web-based tools used to generate, publish, and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views in regards to the cannabis companies and their activities, whether true or not and the cannabis industry in general, whether true or not. The Company does not ultimately have direct control over how they or the cannabis industry is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to the Company's overall abilities to advance its business strategy and realize on its growth prospects, thereby having a material adverse impact on the Company.

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.

Since cannabis remains illegal under U.S. federal law, those employed at or investing in legal and licensed cannabis companies could face detention, denial of entry or lifetime bans from the U.S. for their business associations with U.S. cannabis businesses. Entry happens at the sole discretion of the CBP officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national. The Government of Canada has started warning travelers on its website that previous use of cannabis, or any substance prohibited by U.S. federal laws, could mean denial of entry to the U.S. In addition, business or financial involvement in the legal cannabis industry in the U.S. could also be reason enough for U.S. border guards to deny entry. On September 21, 2018, the CBP released a statement outlining its current position with respect to enforcement of the laws of the U.S. It stated that the CBP enforcement of U.S. laws regarding controlled substances has not changed and because cannabis continues to be a controlled substance under U.S. law, working in or facilitating the proliferation of the legal cannabis industry in U.S. states where it is deemed legal may affect admissibility to the U.S. As a result, the CBP has affirmed that, a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada, coming to the U.S. for reasons unrelated to the cannabis industry, will generally be admissible to the U.S.

However, if a traveler is found to be coming to the U.S. for reasons related to the cannabis industry, they may be deemed inadmissible.

Risks related to being deemed an investment company under the U.S. Investment Company Act

The Company may be deemed an investment company under the ICA, and thus subject to regulation under such act, and maintenance of its exclusion or an exemption from such status may impose significant limits on its operations. Securityholders' investment return may be reduced if the Company is required to register as an investment company under the Investment Company Act.

The Company conducts its operations so that they are not deemed an investment company under the ICA, or, in the alternative, so that the Company may rely on an exemption from registration as an investment company under the ICA. It is possible that the Company may not be able to maintain the mix of assets, or other characteristics, necessary to qualify for an exclusion or exemption, and attempts to maintain such exclusions or exemptions, may impair, perhaps materially, its ability to pursue otherwise attractive investments. These rules are subject to change, and such changes may have an adverse impact on the Company. In the future, the Company may need to avail themselves of alternative exclusions and exemptions which may require a change in the organization structure of its businesses.

Failure to maintain its exclusion or an exemption would require the Company to significantly restructure its investment strategies. For example, because affiliate transactions are generally prohibited under the ICA, the Company would not be able to enter into transactions with any of its affiliates if it is required to register as an investment company, and the Company might be required to terminate the management agreement and any other agreements with affiliates, which could have a material adverse effect on its ability to operate its businesses and pay distributions. If the Company were required to register as investment companies but failed to do so, it would be prohibited from engaging in its businesses and could be subject to criminal and civil actions. In addition, the Company's contracts would be unenforceable unless a court required enforcement, and a court could appoint a receiver to take control of the Company and liquidate its businesses.

Risks related to negative publicity or consumer perception

The public's perception of cannabis may significantly impact the cannabis industry's success. Both the medical and adult use of cannabis are controversial topics, and there is no guarantee that future scientific research, publicity, regulations, medical opinion, and public opinion relating to cannabis will be favourable. The cannabis industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for medical and adult use cannabis is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion (whether or not accurate or with merit) relating to the consumption of cannabis, whether in the U.S. or internationally, may have a material adverse effect on the Company's operational results, consumer bases, and financial results. Among other things, such a shift in public opinion could cause state jurisdictions to abandon initiatives or proposals to legalize medical cannabis, thereby limiting the number of new state jurisdictions into which the Company could identify potential acquisition opportunities.

Risks related to relationships with third parties

The parties with which the Company does business may perceive that they are exposed to reputational risk as a result of the Company's cannabis-related business activities. Failure to establish or maintain business relationships due to reputational risk arising in connection with the nature of the Company's businesses could have a material adverse effect on the Company's businesses, financial conditions and results of operations.

Risks related to competition

The Company faces intense competition in the cannabis industry, some of which can be expected to come from companies with longer operating histories and more financial resources, manufacturing and marketing experience than the Company. In addition, there is potential that the cannabis industry will undergo consolidation, creating larger companies with financial resources and manufacturing and marketing capabilities and products that may sell better than those of the Company. As a result of this competition, the Company may be unable to maintain or develop its operations as currently proposed on terms they consider to be acceptable or at all. Increased competition by larger, better-financed competitors with geographic advantages could materially and adversely affect the Company's businesses, financial conditions and results of operations.

Risks associated with insurance in the cannabis industry

While the Company believes they will be able to acquire adequate insurance coverage, such insurance will be subject to coverage limits and exclusions and may not be available for all risks and hazards to which the Company may be exposed. No assurance can be given that such insurance will be adequate to cover the Company's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Company were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if the Company were to incur such liability at a time when it is not able to obtain liability insurance, they could be materially adversely affected.

There can be also no assurances that the Company will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of any of the Company's potential products.

Risks related to transportation

The Company's businesses involve, directly or indirectly, the production, sale and distribution of cannabis products. Due to the perishable nature of such products, the Company may depend on fast and efficient third-party transportation services to distribute its product. Any prolonged disruption of third-party transportation services could have an adverse effect on the Company. Rising costs associated with the third-party transportation services which will be used by the Company to ship its products may also adversely impact the business of the Company.

Risks related to rising energy costs

The Company's businesses involve, directly or indirectly, the production of cannabis products which will consume considerable energy, making the Company vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of the Company and its ability to operate profitably.

Risks related to the agricultural business

The Company's businesses involve, directly or indirectly, the growing of cannabis, which is an agricultural product. As such, the businesses may be subject to the risks inherent in the agricultural business, such as insects, plant diseases, inclement weather and other natural disasters and similar agricultural risks. Even when grown indoors under climate-controlled conditions monitored by trained personnel, there can be no assurance that natural elements, such as insects and plant diseases, will not have a material adverse effect on the production of cannabis products and on the Company.

Risks related to environmental regulations

Participants in the cannabis industry are subject to environmental regulation in the various jurisdictions in which they operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company.

Risks related to government approvals and permits

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Risks related to differences in regulatory requirements across state jurisdictions

Traditional business rules may prove to be imperfect in the cannabis industry. For example, while it would be common for participants in the market to purchase companies in different states to reach economies of scale and to conduct business across state lines, that may not be feasible in the cannabis industry because of varying state-by-state legislation and the prohibition on cannabis passing over state lines. As no two regulated markets in the cannabis industry are exactly the same, doing business across state lines may not be possible or commercially practicable. As a result, the Company may be limited to identifying opportunities in individual states, which may have the effect of slowing the growth prospects of the Company.

Risks related to advertising and promotion

The Company's future growth and profitability may depend on the effectiveness and efficiency of advertising and promotional costs, including its ability to: (i) create brand recognition for any products they may develop or sell; (ii) determine appropriate advertising strategies, messages and media; and (iii) maintain acceptable operating margins on such costs. There can be no assurance that advertising and promotional costs will result in revenues for the Company's businesses in the future or will generate awareness for any of the Company's products. In addition, no assurance can be given that the Company will be able to manage the advertising and promotional costs on a cost-effective basis.

The cannabis industry in the U.S., including both the medical and adult use cannabis markets, is in its early development stage and restrictions on advertising, marketing and branding of cannabis companies and products by various medical associations, governmental or quasi-governmental bodies or voluntary industry associations may adversely affect the Company's ability to conduct sales and marketing activities and to create brand recognition, and could have a material adverse effect on the Company's businesses.

Risks related to product liability regimes and strict product recall requirements

The Company faces the risk of exposure to product liability claims, regulatory action and litigation if any of its businesses' products are alleged to have caused significant loss or injury. In addition, the sale of cannabis products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. The Company may be subject to various product

liability claims, including, among others, that specific cannabis products caused injury or illness, or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company could result in increased costs, could adversely affect our reputation with our clients and consumers generally, and could have a material adverse effect on the Company.

In addition, manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. To the extent any products are recalled due to an alleged product defect or for any other reason, the Company could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Moreover, a recall for any of the foregoing reasons could lead to decreased demand and could have a material adverse effect on the Company. Product recalls may lead to increased scrutiny of operations by applicable regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Risks related to the development and sale of new products

The cannabis industry is in its early stages of development and the Company, and their competitors, may seek to introduce new products in the future. In attempting to keep pace with any new market developments, the Company may need to expend significant amounts of capital in order to successfully develop and generate revenues from new products introduced by the Company. The Company may also be required to obtain additional regulatory approvals from government agencies and any other applicable regulatory authorities, which may take significant amounts of time. The Company may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on the Company.

Risks related to intellectual property rights

The ownership and protection of intellectual property rights is a significant aspect of the Company's future success. The Company may rely on trade secrets, technical know-how and proprietary information that are not protected by patents to maintain our competitive position. The Company will try to protect such intellectual property by entering into confidentiality agreements with parties that have access to it, such as our partners, collaborators, employees and consultants. Any of these parties may breach these agreements and we may not have adequate remedies for any specific breach. In addition, trade secrets and technical know-how, which are not protected by patents, may otherwise become known to or be independently developed by competitors, in which event we could be materially adversely affected.

Unauthorized parties may attempt to replicate or otherwise obtain and use the Company's products, trade secrets, technical know-how and proprietary information. Policing the unauthorized use of the Company's future intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Identifying unauthorized use of intellectual property rights is difficult as the Company may be unable to effectively monitor and evaluate the products being distributed by its competitors, including parties such as unlicensed dispensaries, and the processes used to produce such products. In addition, in any infringement proceeding, some or all of the Company's future trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same for the benefit of the Company, may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defense proceedings could put one or more of the Company's future trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly. Any or all of these events could materially and adversely affect the businesses, financial conditions and results of operations of the Company.

In addition, other parties may claim that the Company's products infringe on its proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages. As well, the Company may need to obtain licenses from third parties who allege that the Company has infringed on its lawful rights. However, such licenses may not be available on terms acceptable to the Company or at all. In addition, the Company may not be able to obtain or utilize on terms that are favourable, or at all, licenses or other rights with respect to intellectual property that they do not own.

Risks related to information technology systems and cyber-attacks

The Company's operations may depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations may also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as pre-emptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact the Company's reputation and results of operations. The Company's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access may become a priority to ensure the ongoing success and security of the businesses. As cyber threats continue to evolve, the Company may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Risks related to management of growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require us to continue to implement and improve our operational and financial systems and to expand, train, and manage our employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company.

Risks associated with limited resources and competition for business opportunities

The Company has and expects to continue to encounter intense competition from other entities with similar business objectives, including other private investors, pension funds and private equity firms, prospective special purpose acquisition corporations and other entities, domestic and international, competing for the types of businesses the Company intends to acquire. Many of these individuals and entities are well-established and have significant experience identifying and effecting, directly or indirectly, investments in companies operating in or providing services to various industries. Some of these competitors may possess greater technical, human and other resources than the Company and the Company's financial resources will be relatively limited when contrasted with those of many of its competitors. While the Company believes there are numerous target businesses and assets to potentially acquire, the Company's ability to compete with respect to the opportunities in certain target businesses that are sizeable will be limited by its available financial resources.

Risks related to acquisitions

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Company's ongoing business; (ii) distraction of management; (iii) the Company may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (v) increasing the scope and complexity of the Company's operations; and (vi) loss or reduction of control over certain of the Company's assets.

The Company could incur additional transaction and integration related costs or other factors such as the failure to realize all of the benefits from the acquisition of businesses or strategic assets. All of these factors could cause dilution to the Company's earnings per share or decrease or delay the anticipated accretive effect of the acquisition and cause a decrease in the market price of the Company's securities.

The Company may not be able to successfully integrate and combine the operations, personnel and technology infrastructure of any such acquired company with its existing operations. If integration is not managed successfully by the Company's management, the Company may experience interruptions in its business activities, deterioration in its employee and customer relationships, increased costs of integration and harm to its reputation, all of which could have a material adverse effect on the Company's business, financial condition and results of operations. The Company may experience difficulties in combining corporate cultures, maintaining employee morale and retaining key employees. The integration of any such acquired companies may also impose substantial demands on management. There is no assurance that these acquisitions will be successfully integrated in a timely manner.

Such transactions could involve other risks, including the assumption of unidentified or unknown liabilities, disputes or contingencies, for which the Company, as a successor owner, may be responsible, and/or changes in the industry, location, or regulatory or political environment in which these investments are located, that the Company's due diligence review may not adequately uncover and that may arise after entering into such transactions. Although the Company has and expects to continue to realize strategic, operational and financial benefits as a result of the Company's mergers and acquisitions, the Company cannot predict whether and to what extent such benefits will be achieved.

Furthermore, any future merger or acquisition may result in diversion of management's attention from other business concerns, and such transactions may be dilutive to the Company's financial results and/or result in impairment charges and write-offs.

The Company has incurred goodwill impairment charges in the past and may incur additional goodwill, intangible or other asset impairment charges in the future. The Company has significant amounts of long-lived assets, goodwill and intangible assets. Management periodically reviews the carrying values of goodwill and intangible assets to determine whether such carrying values exceed their fair market values. Declines in the profitability due to economic or market conditions or otherwise, as well as adverse changes in financial, competitive and other conditions, or other adverse changes in the key valuation assumptions contributing to the estimated fair value of a reporting unit, could adversely affect the estimated fair values of the related reporting unit, which could result in an impairment of the recorded balances of goodwill or intangible assets. Such an impairment or write-off could adversely affect the Company's financial condition and operating results.

Risks related to expansion strategy

There is no guarantee that the Company's expansion strategy will be completed, nor is there any guarantee that the Company will be able to expand into additional jurisdictions. There is also no guarantee that the Company's intentions to acquire and/or construct additional cannabis production, manufacturing, distribution or sales facilities, and to expand the Company's marketing and sales initiatives will be successful. Any such activities will require, among other things, various regulatory approvals, licences and permits and there is no guarantee that all required approvals, licences and permits will be obtained in a timely fashion or at all. There is also no guarantee that the Company will be able to complete any of the foregoing activities as anticipated or at all.

The Company's failure to successfully execute its expansion strategy (including receiving required regulatory approvals, licenses and permits) could adversely affect the Company's business, financial condition and results of operations and may result in the Company failing to meet anticipated or future demand for its cannabis products, when and if it arises.

Risks related to international expansion

In addition to the jurisdictions described elsewhere in this AIF, in the event that the Company decides to expand into other geographic areas in the future, such expansion could increase the Company's operational, regulatory, compliance, reputational and foreign exchange rate risks. The failure of the Company's operating infrastructure to support such expansion could result in operational failures and regulatory fines or sanctions. Future international expansion could require the Company to incur a number of up- front expenses, including those associated with obtaining regulatory approvals, as well as additional ongoing expenses, including those associated with infrastructure, staff and regulatory compliance. The Company may not be able to successfully identify suitable acquisition and expansion opportunities or integrate such operations successfully with the Company's existing operations.

Risks related to litigation

The Company is, and may from time to time become, party to litigation in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company is, or becomes, involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating and the market price for the Company's securities and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant Company resources. Litigation may also create a negative perception of the Company's brand.

Risks related to opportunities outside of management's area of expertise

The Company may be presented with a target in a sector unfamiliar to its management team but may determine that such candidate offers an attractive opportunity for the Company. In the event the Company elect to pursue an opportunity outside of its management's expertise, the Company's management's experience may not be directly applicable to the target business or its evaluation of its operations.

Risks related to evaluating prospective target businesses

Although the Company has identified specific criteria and guidelines for evaluating prospective target businesses, it is possible that a target business with which the Company enters into a transaction will not have all of these positive attributes. If the Company consummates a transaction with a target that does not meet some or all of these guidelines, such transaction may not prove to be successful. In addition, there is no guarantee that an investment that meets the criteria and guidelines established by the Company will prove to be successful.

Risks related to transactions that are not consummated

The Company anticipates that the investigation of each specific target business and the negotiation, drafting, and execution of relevant agreements, disclosure documents, and other instruments will require substantial management time and attention and substantial costs for accountants, attorneys and other experts. If the Company decides not to complete a specific transaction, the costs incurred up to that point for the proposed transaction likely would not be recoverable. Furthermore, if the Company reaches an agreement relating to a specific target business, the Company may fail to consummate the transaction for any number of reasons, including those beyond its control. Any such event will result in losses to the Company of the related costs incurred which could materially adversely affect subsequent attempts to locate and acquire or merge with another business.

Risks related to loss of officers and directors

The Company's operations are dependent upon a relatively small group of individuals and, in particular, its officers and directors. The Company believe that its success will depend on the continued service of its officers and directors. In addition, the Company's officers and directors are not required to commit any specified amount of time

to the Company's affairs and, accordingly, may have conflicts of interest in allocating management time among various business activities, including identifying potential acquisitions and monitoring the related due diligence. The Company does not have key-man insurance on the life of any of its directors or officers. The unexpected loss of the services of one or more of its directors or officers could have a detrimental effect on the Company, its operations and its ability to make acquisitions.

Risks related to conflicts of interest

The Company engages in the business of identifying and combining with one or more businesses. The Company's officers and directors may now be, or may in the future become, affiliated with entities that are engaged in a similar business.

The Company's officers and directors also may become aware of business opportunities which may be appropriate for presentation to the Company and the other entities to which it owes duties. In the course of its other business activities, the Company's officers and directors may owe similar or other duties, and may have obligations, to other entities or pursuant to other outside business arrangements, including seeking and presenting investment and business opportunities. Accordingly, they may have conflicts of interest in determining to which entity a particular business opportunity should be presented. These conflicts may not be resolved in the Company's favour, as the Company's officers and directors are not required to present investment and business opportunities to the Company in priority to other entities with which they are affiliated or to which they owe duties.

The Company has not adopted a policy that expressly prohibits its directors, officers, security holders, affiliates or associates from having a direct or indirect financial interest in any investment to be acquired or disposed of by the Company or in any transaction to which it is a party or has an interest. In fact, even though it is not the Company's current intentions to do so, they may enter into a transaction with a target business that is affiliated with the Company's directors or officers.

Risks related to scientific research

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids remains in early stages. To the Company's knowledge, there have been relatively few double-blind placebo-controlled clinical trials on the benefits of cannabis or isolated cannabinoids. Any statements made in this document concerning cannabis' or cannabinoids' potential medical benefits are based on published articles and reports. As a result, any statements made in this document are subject to the experimental parameters, qualifications, assumptions and limitations in the studies that have been completed.

Although the Company believes that the articles and reports, and details of research studies and clinical trials that are publicly available reasonably support its beliefs regarding the medical benefits, viability, safety, efficacy and dosing of cannabis, future research and clinical trials may prove such statements to be incorrect or could raise concerns regarding and perceptions relating to cannabis. Given these risks, uncertainties and assumptions, prospective investors should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions to those stated in this document or reach negative conclusions regarding the viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to medical cannabis, which could have a material adverse effect on the demand for the Company's products with the potential to lead to a material adverse effect on the Company's business, financial condition and results of operations.

Reliable data on the medical cannabis industry is not available

As a result of recent and ongoing regulatory and policy changes in the medical cannabis industry, the market data available is limited and unreliable. Federal and state laws prevent widespread participation and hinder market research. Therefore, market research and projections by the Company of estimated total retail sales, demographics, demand, and similar consumer research, are based on assumptions from limited and unreliable market data, and

generally represent the personal opinions of the Company's management team as of the applicable date of such research and projections.

Risks related to key personnel and employees

The success of the Company is currently largely dependent on the performance of its current management team. The Company's future success depends on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and the Company may incur significant costs to attract and retain them. In addition, the Company's lean management structures may be strained as the Company pursues growth opportunities in the future. The loss of the services of a member of the Company's management team, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Company's ability to execute on its business plan and strategy, and the Company may be unable to find adequate replacements on a timely basis, or at all.

The Company's personnel may be subject to applicable security clearances by regulatory agencies. Security clearances are valid for a limited period of time and must subsequently be renewed. There is no assurance that any of the Company's personnel who may in the future require a security clearance will be able to obtain or renew such clearances, or that new personnel who require a security clearance will be able to obtain one. A failure by the Company personnel to maintain or renew his or her security clearance could result in a material adverse effect on the Company's businesses, financial conditions and results of operations. In addition, if applicable personnel leave the Company and the Company is unable to find a suitable replacement that has the requisite security clearance in a timely manner, or at all, such delay or failure could result in a material adverse effect on the Company.

In addition, the Company relies on key service agreements with One East Management Services, LLC and ST2 LLC, each wholly-owned subsidiaries of One East Capital Advisors, LP, of which James Cacioppo is the Managing Partner, in order to receive ongoing financial and research-related advice. Termination of such agreements may have a significant negative impact on the Company's ability to execute on its business plan.

Limited operating history

The Company is an early stage company having been founded in 2018 and as a result, the Company lacks a significant operating history. Investors have no basis upon which to evaluate the Company's ability to achieve its business objectives. For the Company to meet future operating requirements, the Company will need to be successful in completing acquisitions, developing acquired licenses, growing its retail footprint and its marketing and sales efforts. In addition, where the Company experiences increased sales and growth via acquisition, the Company's current operational infrastructure may require changes to scale the Company's businesses efficiently and effectively to keep pace with demand and achieve long-term profitability. If the Company's products and services are not accepted by new customers, the Company's operating results may be materially and adversely affected.

Currency fluctuations

Due to the Company's intention to continue future operations outside Canada, the Company is expected to be exposed to significant currency fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. All or substantially all of the Company's revenue will be earned in US dollars, but a portion of its operating expenses are incurred in Canadian dollars. The Company does not have currency hedging arrangements in place and there is no expectation that the Company will put any currency hedging arrangements in place in the future. Fluctuations in the exchange rate between the US dollar and the Canadian dollar, may have a material adverse effect on the Company's business, financial position or results of operations.

Legality of contracts

Because the Company's contracts will involve cannabis, hemp and other activities that are not legal under U.S. federal law and in some jurisdictions, the Company may face difficulties in enforcing its contracts in U.S. federal and certain state courts.

Reliance on third party suppliers, manufacturers and contractors

The Company's business is dependent on a number of fundamental inputs and their related costs including manufactured products, raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for certain inputs could materially impact the business, financial condition and operating results of the Company. Some of these inputs may only be available from a single supplier or a limited group of suppliers. If a sole source supplier was to go out of business, the Company might be unable to find a replacement for such source in a timely manner or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Company in the future. Any inability to secure required supplies and services or to do so on appropriate terms could result in a material adverse effect on the operations of the Company and materially adversely impact the business, financial condition and operating results of the Company.

Supply shortages

The Company may not be able to obtain from third parties, or produce, enough cannabis to meet demand. This may result in lower than expected sales and revenues and increased competition for sales and sources of supply.

Licensed producers may produce less cannabis than is needed to satisfy the demand of the adult-use and medical markets in the jurisdictions in which the Company operates. As a result, the supply of cannabis could lower than demand, resulting in product supply running low or not being available. If such supply or price fluctuations occur, the Company's revenue and profitability may fluctuate materially and its business, financial condition, results of operations and prospects may be adversely affected.

In addition, demand for cannabis and cannabis products is dependent on a number of social, political and economic factors that are beyond the Company's control. A material decline in the economic conditions affecting consumers can cause a reduction in disposable income for the average consumer, change consumption patterns and result in a reduction in spending on cannabis products or a switch to other products obtained through illegal channels. There can be no assurance that market demand for cannabis will continue to be sufficient to support the Company's current or , future production levels.

Disruption of supply chain

Conditions or events including, but not limited to, those listed below could disrupt the Company's supply chains, interrupt operations at its facilities, increase operating expenses, resulting in loss of sales, delayed performance of contractual obligations or require additional expenditures to be incurred: (i) extraordinary weather conditions or natural disasters such as hurricanes, tornadoes, floods, fires, extreme heat, earthquakes, etc.; (ii) a local, regional, national or international outbreak of a contagious disease, including the COVID-19 coronavirus, or any other similar illness could result in a general or acute decline in economic activity; (iii) political instability, social and labour unrest, war or terrorism; or (iv) interruptions in the availability of basic commercial and social services and infrastructure including power and water shortages, and shipping and freight forwarding services.

COVID-19 pandemic

COVID-19 was declared a pandemic by the World Health Organization on March 11, 2020. The outbreak has caused companies and various international jurisdictions to impose restrictions such as quarantines, business closures and travel restrictions. While the impact of these restrictions cannot be reasonably estimated at this time, the

Company has sought to assess the potential impact of the pandemic on its operating results. The Company has attempted to assess the impact of the pandemic by identifying risks in the following principle areas:

Mandatory Closure. In response to the pandemic, many states and localities have implemented mandatory shutdowns of business to prevent the spread of COVID-19. As of March 25, 2020, the Company's dispensaries received the "life-sustaining" business designation in Pennsylvania and the "essential services" designation in Illinois, permitting our dispensaries to stay open despite the mandatory closure of non-essential businesses. As a result, the Company's dispensaries in Pennsylvania and Illinois remained open throughout 2020. While the Company is working closely with state and local regulators to seek temporary measures that allow us to remain operational, there is no guarantee further measures may nevertheless require us to shut operations in some or all states. The Company's ability to generate revenue would be materially impacted by any shut down of its operations.

Customer Impact. The Company has implemented several initiatives prioritizing its medical patients and customers most susceptible to COVID-19 during the pendency of the COVID-19 outbreak. While the Company is seeking to implement measures, where permitted, to reduce infection risk to our customers, regulators may not permit such measures, or such measures may not prevent a reduction in demand.

Health and Safety of Patients, Customers, and Employees. In accordance with the guidance of the CDC, the Company made essential changes to promote a healthy and safe operating environment for all of its patients, customers and employees, including:

- frequently sanitizing high-touch surfaces;
- deep cleaning and sanitizing workstations;
- sanitizing or washing hands after each transaction;
- ensuring hand sanitizer is easily accessible;
- suspending all use of paper menus, demo products, and demo samples;
- positioning staff at every other register when possible;
- reducing the number of point-of-sale registers;
- restricting the number of people permitted in-store;
- taking the temperature of store employees before they begin their shift;
- requiring all dispensary staff to wear face masks;
- installed plexi-shields in areas where patients/customers come face to face with staff (check-in and at registers where glass doesn't already exist);
- offering curbside pickup;
- directed a significant amount of traffic to the Company's online educational tool and reservation platform, www.beyond-hello.com, which enables customers to view real-time pricing and product availability and reserve products for convenient in-store pick-up at BEYOND/HELLO™ locations; and
- placed markers on the floor to dictate 6 feet + of space between patients/customers.

Supply Chain Disruption. The Company relies on third party suppliers for equipment and services to produce its products and keep its operations going. If its suppliers are unable to continue operating due to mandatory closures or other effects of the pandemic, it may negatively impact its own ability to continue operating. At this time, the Company has not experienced any failure to secure critical supplies or services. However, disruptions in our supply chain may affect our ability to continue certain aspects of the Company's operations or may significantly increase the cost of operating its business and significantly reduce its margins.

Staffing Disruption. The Company is, for the time being, implementing among its staff where feasible "social distancing" measures recommended by such bodies as the CDC, the Presidential Administration, as well as state and local governments. The Company has cancelled nonessential travel by employees, implemented remote meetings where possible, and permitted all staff who can work remotely to do so. For those whose duties require them to work on-site, measures have been implemented to reduce infection risk, such as reducing contact with customers, mandating additional cleaning of workspaces and hand disinfection, providing masks and taking the temperature of employees before they begin their shift. Nevertheless, despite such measures, the Company may find it difficult to

ensure that its operations remain staffed due to employees falling ill with COVID-19, becoming subject to quarantine, or deciding not to come to work on their own volition to avoid infection.

The Company is actively addressing the risk to business continuity represented by each of the above factors through the implementation of a broad range of measures throughout its structure and is re-assessing its response to the COVID-19 pandemic on an ongoing basis. The above risks individually or collectively may have a material impact on the Company's ability to generate revenue. Implementing measures to remediate the risks identified above may materially increase our costs of doing business, reduce our margins and potentially result in losses. While the Company is not currently in financial distress, if the Company's financial situation materially deteriorates as a result of the impact of the pandemic, the Company could eventually be unable to meet its obligations to third parties, including observing financial covenants under the Company's senior notes payable or other debt, which in turn could lead to insolvency and bankruptcy of the Company.

Risks related to restrictions on deductions of certain business expenses in accordance with 280E under U.S. tax laws

Section 280E of the Code prohibits businesses trafficking in Schedule I or II controlled substances, including cannabis, even if legally under state law, from claiming tax deductions beyond costs of goods sold. Accordingly, Section 280E generally causes such businesses to pay higher effective U.S. federal tax rates than businesses in other industries. Management expects the Company and certain of its subsidiaries to be subject to Code Section 280E. The application of Code Section 280E to the Company may adversely affect the Company's profitability and, in fact, may cause the Company to operate at a post-tax loss. While recent legislative proposals, if enacted into law, could eliminate or diminish the application of Code Section 280E to cannabis businesses, the enactment of any such law is uncertain.

Risks Related to the Company's Securities

U.S. tax classification of the Company

The Company is a Canadian corporation and is expected to be classified for U.S. federal income tax purposes as a U.S. corporation under Section 7874 of the Code. Section 7874 of the Code contains rules that can cause a non-U.S. corporation to be taxed as a U.S. corporation for U.S. federal income tax purposes. Under section 7874 of the Code, a corporation created or organized outside the U.S. (i.e., a non-U.S. corporation) will nevertheless be treated as a U.S. corporation for U.S. federal income tax purposes if each of the following three conditions is met: (i) the non-U.S. corporation acquires, directly or indirectly, or is treated as acquiring under applicable U.S. Treasury Regulations, substantially all of the assets held, directly or indirectly, by a U.S. corporation or U.S. trade or business; (ii) after the acquisition, the former stockholders of the acquired U.S. corporation hold at least 80% (by vote or value) of the shares of the non-U.S. corporation by reason of holding shares of the U.S. acquired corporation, trade or business; and (iii) after the acquisition, the non-U.S. corporation's expanded affiliated group does not have substantial business activities in the non-U.S. corporation's country of organization or incorporation when compared to the expanded affiliated group's total business activities.

It is expected that the Company will be treated as a U.S. corporation for U.S. federal income tax purposes under section 7874 of the Code and will, as a result, be subject to U.S. federal income tax on its worldwide income. However, for Canadian tax purposes, the Company is expected, regardless of any application of section 7874 of the Code, to be treated as a Canadian resident company (as defined in the Tax Act) for Canadian income tax purposes. As a result, the Company will be subject to taxation both in Canada and the U.S., which could have a material adverse effect on its financial condition and results of operations. The Company may not qualify for certain U.S.-Canada income tax treaty benefits, which could have a material adverse effect on its financial condition and results of operations.

It is unlikely that the Company will pay any dividends on the Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares in the foreseeable future. However, dividends received by shareholders who are residents of Canada for purposes of the Tax Act will be subject to U.S. withholding tax. Any such dividends may not

qualify for a reduced rate of withholding tax under the Canada-U.S. tax treaty. In addition, a foreign tax credit or a deduction in respect of foreign taxes may be unavailable.

Dividends received by U.S. shareholders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. Dividends paid by the Company will be characterized as U.S. source income for purposes of the foreign tax credit rules under the Code. Accordingly, U.S. shareholders generally will not be able to claim a credit for any Canadian tax withheld unless, depending on the circumstances, they have an excess foreign tax credit limitation due to other foreign source income that is subject to a low or zero rate of foreign tax.

Dividends received by shareholders that are neither Canadian nor U.S. shareholders will be subject to U.S. withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to a shareholder of the Company, subject to examination of the relevant treaty.

Because the Subordinate Voting Shares, Multiple Voting Shares, and/or Super Voting Shares will be treated for U.S. tax purposes as shares of a U.S. domestic corporation, the U.S. gift, estate, and generation-skipping transfer tax rules generally apply to a non-U.S. shareholder of Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares.

EACH SHAREHOLDER SHOULD SEEK TAX ADVICE, BASED ON SUCH SHAREHOLDER'S PARTICULAR CIRCUMSTANCES, FROM AN INDEPENDENT TAX ADVISOR.

Risks related to tax consequences

While the Company expects to undertake any merger or acquisition so as to minimize taxes both to the acquired business and/or asset and the Company, such a transaction might not meet the statutory requirements of a tax-deferred rollover for the Company or for its securityholders. A transaction that does not qualify for a tax-deferred rollover could result in the imposition of substantial taxes and may have other adverse tax consequences to the Company and/or its securityholders.

Risks related to Founder and beneficial owner voting control

As a result of the Super Voting Shares that the Founders collectively hold, they have significant ability to control the outcome of matters submitted to the Company's shareholders for approval, including the election and removal of directors and any arrangement or sale of all or substantially all of the assets of the Company. In addition, Dennis Arsenault beneficially owns the Multiple Voting Shares as well as some Subordinate Voting Shares and therefore may also be in a position to influence the outcome such matters. If James Cacioppo, Erich Mauff or Louis Jonathan Barack's employment with the Company is terminated or they resign from their positions with the Company, they will continue to have the ability to exercise the same significant voting power.

The concentrated control through the Super Voting Shares could delay, defer, or prevent a change of control of the Company, the sale of all or substantially all of the assets of the Company or another arrangement involving the Company that other shareholders support. Conversely, this concentrated control could allow the Founders to consummate such a transaction that the Company's other shareholders do not support. In addition, the Founders may make long-term strategic investment decisions and take risks that may not be successful and may seriously harm the Company's business.

As directors and officers of the Company, the Founders are anticipated to have control over the day-to-day management and the implementation of major strategic decisions of the Company, subject to authorization and oversight by the Board. As Board members and officers, the Founders will owe a fiduciary duty to the Company and are obligated to act honestly and in good faith with a view to the best interests of the Company. As shareholders, even controlling shareholders, James Cacioppo, Erich Mauff and Louis Jonathan Barack will be entitled to vote their

shares, and shares over which they have voting control, in their own interests, which may not always be in the interests of the Company or the other shareholders of the Company.

Risks related to unpredictability caused by capital structure and Founder voting control

Although other Canadian-based companies have dual class or multiple voting share structures, given the Company's unique capital structure, and the concentration of voting control held by the Founders, the Company is not able to predict whether this structure and control will result in a lower trading price for or greater fluctuations in the trading price of the Subordinate Voting Shares or will result in adverse publicity to the Company or other adverse consequences.

Risks related to additional financing

The Company may require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to fund on-going operations, capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon the Company's business, results of operations, financial condition or prospects.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Subordinate Voting Shares.

Depending on the availability of traditional banking services to the Company, the Company may enter into one or more credit facilities with one or more lenders in order to finance the Company's investments. It is anticipated that any such credit facilities would contain a number of common covenants that, among other things, might restrict the ability of the Company to: (i) acquire or dispose of assets or businesses; (ii) incur additional indebtedness; (iii) make capital expenditures; (iv) make cash distributions; (v) create liens on assets; (vi) enter into leases, investments or acquisitions; (vii) engage in mergers or consolidations; or (viii) engage in certain transactions with affiliates, and otherwise restrict activities of the Company (including its ability to acquire additional investments, businesses or assets, certain changes of control and asset sale transactions) without the consent of the lenders. In addition, such a credit facility would likely require the Company to maintain specified financial ratios and comply with tests, including minimum interest coverage ratios, maximum leverage ratios, minimum net worth and minimum equity capitalization requirements. Such restrictions may limit the Company's ability to meet targeted returns and reduce the amount of cash available for investment. Moreover, the Company may incur indebtedness under credit facilities that bear interest at a variable rate. Economic conditions could result in higher interest rates, which could increase debt service requirements on variable rate debt and could reduce the amount of cash available for various Company purposes.

Debt financing and restrictions

In January and July of 2020, the Company closed a significant tranche of debt financing, the proceeds of which will be used, in part, to finance certain acquisitions. From time to time, the Company may acquire the assets or equity interests of other entities that may also be financed in whole or in part, by debt, which may increase the Company's overall debt levels above industry standards. Debt financing, including the January 2020 and July 2020 debt financings, may involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. Debt financings may also contain provisions which, if breached, may entitle lenders or their agents to accelerate repayment of loans and/or realize upon security over the assets of the Company, and there is no assurance that the Company would be able to repay such loans in such an event or prevent the enforcement of security granted pursuant to such debt financing.

Risks of leverage

The Company anticipates utilizing leverage in connection with the Company's investments in the form of secured or unsecured indebtedness. Although the Company will seek to use leverage in a manner it believes is prudent, such leverage will increase the exposure of an investment to adverse economic factors such as downturns in the economy or deterioration in the condition of the investment. If the Company defaults on secured indebtedness, the lender may enforce its security and the Company could lose its entire investment. If the Company defaults on unsecured indebtedness, the terms of the loan may require the Company to repay the principal amount of the loan and any interest accrued thereon in addition to heavy penalties that may be imposed. Because the Company may engage in financings where several investments are cross-collateralized, multiple investments may be subject to the risk of loss. As a result, the Company could lose its interest in performing investments in the event such investments are cross-collateralized with poorly performing or nonperforming investments.

In addition to leveraging the Company investments, the Company may borrow funds in its own name for various purposes, and may withhold or apply from distributions amounts necessary to repay such borrowings. The interest expense and such other costs incurred in connection with such borrowings may not be recovered by income from investments purchased by the Company. If investments fail to cover the cost of such borrowings, the value of the investments held by the Company would decrease faster than if there had been no such borrowings. Additionally, if the investments fail to perform to expectation, the interests of investors in the Company could be subordinated to such leverage, which will compound any such adverse consequences.

Future financing needs

The continued development of the Company may require additional financing. Even if its financial resources are sufficient to fund its current operations, there is no guarantee that the Company will be able to achieve its business objectives. The failure to raise additional capital could result in the delay or indefinite postponement of current business objectives or the Company becoming insolvent. There can be no assurance that additional capital or other types of financing will be available if needed or that, if available, on terms that are favourable or acceptable to the Company.

Risks as a holding company

The Company is a holding company. Essentially all of the Company's operating assets are the capital stock of the Company's subsidiaries and substantially all of the Company's business is conducted through subsidiaries which are separate legal entities. Consequently, the Company's cash flows and ability to pursue future business and expansion opportunities are dependent on the earnings of the Company's subsidiaries and the distribution of those earnings to the Company. The ability of these entities to pay dividends and other distributions will depend on their operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of the Company's subsidiaries, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the Company.

Risks related to increased costs as a result of being a public company

As a public issuer, the Company is subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which the Company's securities may be listed from time to time. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations will increase the Company's legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on its personnel, systems and resources, which could adversely affect its business and financial condition.

In particular, as a result of the Business Combination, the Company has become subject to reporting and other obligations under applicable Canadian securities laws, including National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, which requires annual management assessment of the effectiveness of the Company's internal controls over financial reporting. Effective internal controls, including financial reporting and disclosure controls and procedures, are necessary for the Company to provide reliable financial reports, to effectively reduce the risk of fraud and to operate successfully as a public company. These reporting and other obligations will place significant demands on the Company as well as on the Company's management, administrative, operational and accounting resources.

Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Subordinate Voting Shares.

Risks related to a loss of Foreign Private Issuer status

The Company may lose its status as a Foreign Private Issuer if, as of the last business day of the Company's second fiscal quarter for any year, more than 50% of the Company's outstanding voting securities (as determined under Rule 405 of the United States Securities Act of 1933, as amended) are directly or indirectly held of record by residents of the United States. The Company could lose its status as a Foreign Private Issuer if all or a portion of the Super Voting Shares directly or indirectly held of record by U.S. residents are converted into Subordinate Voting Shares. In addition, the Company could potentially lose its Foreign Private Issuer status as a result of future issuances of its shares from treasury to the extent that such shares are acquired by U.S. residents. Loss of Foreign Private Issuer status may have adverse consequences on the Company's ability to issue its securities to acquire companies and its ability to raise capital in private placements or Canadian prospectus offerings. In addition, loss of the Company's Foreign Private Issuer status would likely result in increased reporting requirements and increased audit, legal and administration costs. Further, should the Company seek to list on a securities exchange in the United States, in the future loss of Foreign Private Issuer status may increase the cost and time required for such a listing. These increased costs may have a material adverse effect on the business, financial condition or results of operations of the Company.

Certain remedies may be limited

The Company's governing documents may provide that the liability of the directors and officers of the Company is limited to the fullest extent permitted under the laws of the Province of British Columbia. Thus, the Company and the shareholders of the Company may be prevented from recovering damages for alleged errors or omissions made by the directors and officers of the Company. The Company's governing documents may also provide that the Company will, to the fullest extent permitted by law, indemnify the directors and officers of the Company for certain liabilities incurred by them by virtue of their acts on behalf of the Company.

Difficulty in enforcing judgments and effecting service of process on directors and officers

The directors and officers of the Company reside outside of Canada. Some or all of the assets of such persons may be located outside of Canada. Therefore, it may not be possible for Company shareholders to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian corporate and securities laws against such persons. Moreover, it may not be possible for Company shareholders to effect service of process within Canada upon such persons.

Financial projections may prove materially inaccurate or incorrect

Any financial estimates, projections and other forward-looking information or statements included in this document were prepared by the Company without the benefit of reliable historical industry information or other information customarily used in preparing such estimates, projections and other forward-looking information or statements. Such forward-looking information or statements are based on assumptions of future events that may or may not occur, which assumptions may not be disclosed in this document. Shareholders should inquire of the Company and become familiar with the assumptions underlying any estimates, projections or other forward-looking information or statements. Projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events. There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for a number of reasons including target and/or pipeline transactions not being consummated, pending acquisitions being terminated, increases in operation expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, shareholders should not rely on any projections to indicate the actual results the Company might achieve.

Market price volatility risks

The market price of the Subordinate Voting Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Company, general economic conditions, legislative changes, and other events and factors outside of the Company's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Subordinate Voting Shares.

Sales by existing shareholders

Sales of a substantial number of Subordinate Voting Shares in the public market could occur at any time. These sales, or the market perception of sale by the holders of a large number of Subordinate Voting Shares, could reduce the market price of the Subordinate Voting Shares. If this occurs and continues, it could impair the Company's ability to raise additional capital through the sale of securities.

Dividends

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

Limited market for securities

The Subordinate Voting Shares are listed on the CSE and OTCQB and the 10% Senior Secured Notes due January 15, 2023 are listed on the CSE, however, there can be no assurance that an active and liquid market for the Subordinate Voting Shares or the 10% Senior Secured Notes due January 15, 2023 will develop or be maintained and a Company securityholder may find it difficult to resell any securities of the Company.

An investment in the Company may be considered to be speculative, involves certain risks, and is suitable only for prospective purchasers who have sufficient financial means to bear such risks, who have substantial other assets to provide for current needs and future contingencies, and therefore have no need for immediate liquidity with respect to this investment, and who can withstand a possible total loss of this investment.

Listing Standards of the CSE

The Company must meet continuing listing standards to maintain the listing of the Subordinate Voting Shares and the 10% Senior Secured Notes due January 15, 2023 on the CSE. If the Company fails to comply with listing standards and the CSE delists the Subordinate Voting Shares and/or the 10% Senior Secured Notes due January 15, 2023, the Company and its shareholders could face significant material adverse consequences, including: (i) a limited availability of market quotations for the Subordinate Voting Shares and/or the 10% Senior Secured Notes due January 15, 2023; (ii) reduced liquidity for the Subordinate Voting Shares and/or the 10% Senior Secured Notes due January 15, 2023; (iii) a reduced level of trading activity in the secondary trading market for the Subordinate Voting Shares and/or the 10% Senior Secured Notes due January 15, 2023; (iv) a limited amount of news about us and analyst coverage of the Company; and (v) a decreased ability for the Company to issue additional equity securities or obtain additional equity or debt financing in the future.

Listing Standards of the OTCQB

The Company must meet continuing listing standards to maintain the listing of the Subordinate Voting Shares on the OTCQB. If the Company fails to comply with listing standards and the OTCQB delists the Subordinate Voting Shares, the Company and its shareholders could face significant material adverse consequences, including: (i) a limited availability of market quotations for the Subordinate Voting Shares; (ii) reduced liquidity for the Subordinate Voting Shares; (iii) a reduced level of trading activity in the secondary trading market for the Subordinate Voting Shares; (iv) a limited amount of news about us and analyst coverage of the Company; and (v) a decreased ability for the Company to issue additional equity securities or obtain additional equity or debt financing in the future.

Global financial conditions

Following the onset of the credit crisis in 2008, global financial conditions were characterized by extreme volatility and several major financial institutions either went into bankruptcy or were rescued by governmental authorities. While global financial conditions subsequently stabilized, there remains considerable risk in the system given the extraordinary measures adopted by government authorities to achieve that stability. Global financial conditions could suddenly and rapidly destabilize in response to future economic shocks, as government authorities may have limited resources to respond to future crises.

Future economic shocks may be precipitated by a number of causes, including a rise in the price of oil, geopolitical instability and natural disasters. Any sudden or rapid destabilization of global economic conditions could impact the Company's ability to obtain equity or debt financing in the future on terms favourable to the Company. Additionally, any such occurrence could cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. Further, in such an event, the Company's operations and financial condition could be adversely impacted.

Furthermore, general market, political and economic conditions, including, for example, inflation, interest and currency exchange rates, structural changes in the cannabis industry, supply and demand for commodities, political developments, legislative or regulatory changes, social or labour unrest and stock market trends will affect the Company's operating environment and its operating costs, profit margins and share price, and could result in a decrease in asset values, write-downs or impairment charges. Any negative events in the global economy could have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

DIVIDENDS AND DISTRIBUTIONS

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

CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares. As of December 31, 2020, the Company had 132,396,064 Subordinate Voting Shares issued and outstanding, 149,000 Super Voting Shares issued and outstanding (which carry 1,000 votes per Super Voting Share and are convertible into 100 Subordinate Voting Shares per Super Voting Share), and 4,000,000 Multiple Voting Shares issued and outstanding (which carry 10 vote per Multiple Voting Share and are convertible into 1 Subordinate Voting Share per Multiple Voting Share). As of May 31, 2021, an additional 18,379,249 Subordinate Voting Shares were issued in connection with equity purchase agreements, equity offerings, and warrant and option exercises subsequent to December 31, 2020. In addition, as of December 31, 2020, the Company had the following additional securities issued and outstanding:

Non-Debt Instruments

Designation of Security	Outstanding December 31, 2020
Warrants	55,757,136 warrants to purchase Subordinate Voting Shares 6,750,000 warrants to purchase Multiple Voting Shares 162,750 warrants to purchase Super Voting Shares
Options	9,573,834
Unvested Restricted Stock Awards ⁽¹⁾⁽²⁾	6,438,186
Restricted Stock Units	N/A
Stock Appreciation Rights	N/A
Other	Convertible Promissory Note in the principal amount of \$2,411,500, with a 1% interest rate and maturing on 11/19/2022 ⁽³⁾

Notes:

- (1) Included in the number of Subordinate Voting Shares outstanding.
- (2) More information regarding Restricted Stock Awards can be found in the Company's Management Information Circulars.
- (3) The principal amount of the note mandatorily converts at maturity into Subordinate Voting Shares at a conversion price of US\$2.65, and the 1% interest coupon is paid at maturity. Consequently, this note is classified as an equity instrument by the Company.

Debt Instruments

Designation of Security	Number Outstanding as of December 31, 2020	Aggregate Principal Amount	Interest Rate	Conversion Price	Maturity Date
Unsecured Convertible Promissory Note	1	\$120,000	6%	\$6.00	09/23/2021
Senior Secured Note	76,381 ⁽¹⁾	\$83,327,000	10%	N/A	01/15/2023
Secured Promissory Note	3	\$1,500,000	10%	N/A	07/24/2021 ⁽²⁾
Unsecured Promissory Note	1	\$3,750,000	8%	N/A	08/11/2024
Unsecured Credit Line	1	\$614,120 ⁽³⁾	5%	N/A	11/11/2024

Notes:

- (1) This number includes 76,352 10% Senior Secured Notes due January 15, 2023, which are issued in denominations of \$1,000. This number also includes 29 Warrant Notes which were not exchanged for 10% Senior Secured Notes due January 15, 2023.
- (2) The maturity date may be accelerated based on the occurrence of certain specified events.
- (3) The total funds available under this facility are EUR 500,000, which has been converted into US Dollars for purposes of this AIF.

A description of the rights, privileges and restrictions attaching to each class of shares of the Company is provided below.

Subordinate Voting Shares

Right to Notice and Vote	Holder of Subordinate Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company will have the right to vote. At each such meeting, holders of Subordinate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share held.
Class Rights	As long as any Subordinate Voting Shares remain outstanding, the Company will not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right attached to the Subordinate Voting Shares. Holders of Subordinate Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Company.
Dividends	Holder of Subordinate Voting Shares will be entitled to receive as and when declared by the directors of the Company, dividends in cash or property of the Company. No dividend will be declared or paid on the Subordinate Voting Shares unless the Company simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Super Voting Shares.
Participation	In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of Subordinate Voting Shares will, subject to the prior rights of the holders of any shares of the Company ranking in priority to the Subordinate Voting Shares, be entitled to participate ratably along with all other holders of Subordinate Voting Shares and Super Voting Shares (on an as-converted to Subordinate Voting Share basis).
Changes	No subdivision or consolidation of the Subordinate Voting Shares, Multiple Voting Shares or Super Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

Conversion

In the event that (1) an offer is made to purchase Multiple Voting Shares or Super Voting Shares, and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange, if any, on which the Subordinate Voting Shares are then listed, to be made to all or substantially all the holders of Multiple Voting Shares or Super Voting Shares, as applicable, in a province or territory of Canada to which the requirement applies, and (2) a concurrent equivalent offer is not made in respect of the 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 Conversion Ratio (as defined in the articles, as applicable) then in effect, at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion may only be exercised in respect of Subordinate Voting Shares for the purpose of depositing the resulting Multiple Voting Shares or Super Voting Shares, as applicable, under the offer, and for no other reason, and shall not provide holders of Subordinate Voting Shares any beneficial ownership of Multiple Voting Shares or Super Voting Shares, as applicable, but only in the consideration under the offer. In such event, the transfer agent for the Subordinate Voting Shares shall deposit under the offer the resulting Multiple Voting Shares or Super Voting Shares, as applicable, on behalf of the holder. If Multiple Voting Shares or Super Voting Shares, as applicable, resulting from the conversion and deposited pursuant to the offer are withdrawn by the holder or are not taken up by the offeror, or the offer is abandoned, withdrawn or terminated by the offeror or the offer otherwise expires without such Multiple Voting Shares or Super Voting Shares, as applicable, being taken up and paid for, the Multiple Voting Shares or Super Voting Shares, as applicable, resulting from the conversion will be automatically re-converted into Subordinate Voting Shares at the Conversion Ratio then in effect, shall be deemed to have never been outstanding, and a share certificate representing the Subordinate Voting Shares or electronic evidence of such Subordinate Voting Shares issued in a non-certificate manner will be sent to the holder by the transfer agent. In the event that the offeror takes up and pays for the Multiple Voting Shares or Super Voting Shares, as applicable, resulting from conversion, the transfer agent shall deliver to the holders thereof the consideration paid for such shares by the offeror.

Odd Lots

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, holders of an Odd Lot, subject to any adjustments to the initial Conversion Ratio pursuant to the adjustment provisions of the Subordinate Voting Shares or the Super Voting Shares, as applicable, designed to preserve their relative rights, will be entitled to convert all but not less than all of such Odd Lot of Subordinate Voting Shares into a fraction of one Super Voting Share, at the inverse of the Conversion Ratio then in effect, 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.

Multiple Voting Shares

Right to Notice and Vote	Holder of Multiple Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company will have the right to vote. At each such meeting, holders of Multiple Voting Shares will be entitled to ten (10) votes in respect of each Subordinate Voting Share into which such Multiple Voting Share could ultimately then be converted (currently ten (10) votes per Multiple Voting Share held).
Class Rights	As long as any Multiple Voting Shares remain outstanding, the Company will not, without the consent of the holders of the Multiple Voting Shares and Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Multiple Voting Shares. In connection with the exercise of such voting rights, each holder of Multiple Voting Shares will have one vote in respect of each Multiple Voting Share held.
Dividends	The holders of Multiple Voting Shares shall have the right to receive dividends, out of any cash or other assets legally available therefor, <i>pari passu</i> (on an as converted basis, assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares at the applicable Conversion Ratio) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares. No dividend will be declared or paid on the Multiple Voting Shares unless the Company simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Subordinate Voting Shares and Super Voting Shares.
Participation	In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of Multiple Voting Shares shall, subject to the prior rights of the holders of any shares of the Company ranking in priority to the Multiple Voting Shares, be entitled to participate rateably, on an as-converted to Subordinate Voting Share basis, along with all other holders of Subordinate Voting Shares and Super Voting Shares (on an as-converted to Subordinate Voting Share basis).
Changes	No subdivision or consolidation of the Subordinate Voting Shares, Multiple Voting Shares or Super Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.
Conversion	The Multiple Voting Shares each have a restricted right to convert into one (1) Subordinate Voting Share, subject to adjustments for certain customary corporate changes. The ability to convert the Multiple Voting Shares is subject to a restriction on beneficial ownership of Subordinate Voting Shares exceeding certain levels. In addition, the Multiple Voting Shares will be automatically converted into Subordinate Voting Shares in certain circumstances, including upon the registration of the Subordinate Voting Shares under the United States Securities Act of 1933, as amended.

Super Voting Shares

Right to Notice and Vote	Holder of Super Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company will have the right to vote. At each such meeting, holders of Super Voting Shares will be entitled to 10 votes in respect of each Subordinate Voting Share into which such Super Voting Share could ultimately then be converted (currently 1,000 votes per Super Voting Share held).
Class Rights	As long as any Super Voting Shares remain outstanding, the Company will not, without the consent of the holders of the Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Super Voting Shares. Additionally, 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. In connection with the exercise of the voting rights in respect of any such approvals, each holder of Super Voting Shares will have one vote in respect of each Super Voting Share held. The holders of Super Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, bonds, debentures or other securities of the Company not convertible into Super Voting Shares.
Dividends	The holders of Super Voting Shares shall have the right to receive dividends, out of any cash or other assets legally available therefor, <i>pari passu</i> (on an as converted basis, assuming conversion of all Super Voting Shares into Subordinate Voting Shares at the applicable conversion ratio) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares.
Participation	In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of Super Voting Shares shall be entitled to participate rateably, on an as-converted to Subordinate Voting Share basis, along with all other holders of Subordinate Voting Shares and Multiple Voting Shares (on an as-converted to Subordinate Voting Share basis).
Changes	No subdivision or consolidation of the Subordinate Voting Shares or Super Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares and Super Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.
Conversion	The Super Voting Shares each have a restricted right to convert into 100 Subordinate Voting Shares, subject to adjustments for certain customary corporate changes. The ability to convert the Super Voting Shares is subject to a restriction that the aggregate number of Subordinate 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 and to a restriction on beneficial ownership of Subordinate Voting Shares exceeding certain levels. In addition, each Super Voting Share shall automatically be converted in certain circumstances.

MARKET FOR SECURITIES

Trading Price and Volume

The Company's Subordinate Voting Shares are listed on the CSE under the trading symbol "JUSH". The chart below sets out the monthly high and low trade price, and aggregate monthly trade volume of the Subordinate Voting Shares on the CSE for the 12-month period ended December 31, 2020.

Month	Minimum Trade Price	Maximum Trade Price	Aggregate Monthly Trade Volume
January 2020	C\$1.63	C\$1.95	1,944,690
February 2020	C\$1.10	C\$1.83	1,166,599
March 2020	C\$1.00	C\$1.65	2,493,807
April 2020	C\$1.18	C\$1.75	689,586
May 2020	C\$1.12	C\$1.45	1,214,078
June 2020	C\$1.37	C\$1.82	812,963
July 2020	C\$1.63	C\$2.44	2,227,877
August 2020	C\$2.43	C\$2.82	1,956,462
September 2020	C\$2.57	C\$3.50	3,404,424
October 2020	C\$4.34	C\$3.15	7,350,031
November 2020	C\$3.45	C\$5.32	6,980,062
December 2020	C\$5.00	C\$8.00	8,943,087

Since July 2020, the Company's Subordinate Voting Shares are concurrently listed on the OTCQB under the trading symbol "JUSHF".. Prior to July 2020, the Company's Subordinate Voting Shares were listed on the OTCQX also under the trading symbol "JUSHF" (from September 2019 to June 2020) . The chart below sets out the monthly high and low trade price (in American Dollars), and aggregate monthly trade volume of the Subordinate Voting Shares on the OTCQB/OTCQX for the 12-month period ended December 30, 2020.

Month	Minimum Trade Price	Maximum Trade Price	Aggregate Monthly Trade Volume
January 2020	\$1.25	\$1.50	647,989
February 2020	\$0.77	\$1.39	1,050,542
March 2020	\$0.64	\$1.71	888,973
April 2020	\$0.81	\$1.20	382,880
May 2020	\$0.79	\$1.05	762,164
June 2020	\$0.99	\$1.40	923,275
July 2020	\$1.19	\$1.83	2,700,252
August 2020	\$1.81	\$2.17	2,847,294
September 2020	\$1.95	\$2.60	4,634,202
October 2020	\$2.35	\$3.43	9,161,550
November 2020	\$2.60	\$4.11	11,767,349
December 2020	\$3.85	\$6.33	17,578,102

The Company's publicly traded 10% Senior Secured Notes due January 15, 2023 have been listed on the CSE under the trading symbol "JUSH.DB.U" since December 1, 2020. The chart below sets out the monthly high and low trade price, and aggregate monthly trade volume for the Subordinate Voting Shares on the CSE from December 1, 2020 through December 30, 2020.

Month	Minimum Trade Price	Maximum Trade Price	Aggregate Monthly Trade Volume
December 2020	C\$100	C\$100	205,000

Prior Sales

The following tables summarize the details for the following securities (in American Dollars unless otherwise indicated) that are not listed or quoted on a marketplace issued by the Company during the financial year ended December 31, 2020, and which remain outstanding as of December 31, 2020:

Stock Option Awards⁽¹⁾:

Date	Number of Securities	Type of Securities	Issue Price per Security	Exercise Price per Security
February 14, 2020	150,000	Stock Option Awards	N/A	\$1.36
May 15, 2020	15,000	Stock Option Awards	N/A	\$0.91
June 19, 2020	17,500	Stock Option Awards	N/A	\$1.28
August 8, 2020	240,000	Stock Option Awards	N/A	\$1.88
October 13, 2020	280,000	Stock Option Awards	N/A	\$2.87
December 1, 2020	395,000	Stock Option Awards	N/A	\$3.98

Warrants⁽¹⁾

Date	Number of Securities	Type of Securities	Issue Price per Security	Exercise Price per Security
January 15, 2020	43,548	Warrants	N/A	\$1.58
January 27, 2020	5,825,819	Warrants	N/A	\$1.25
January 30, 2020	75,000	Warrants	N/A	\$1.50
February 6, 2020	100,000	Warrants	N/A	\$1.47
February 13, 2020	1,075,074	Warrants	N/A	\$1.25
March 18, 2020	350,000	Warrants	N/A	\$1.35
June 19, 2020	5,089,560	Warrants	N/A	\$1.25
June 25, 2020	633,433	Warrants	N/A	\$1.25
July 10, 2020	2,265,000	Warrants	N/A	\$1.25
July 17, 2020	360,000	Warrants	N/A	\$1.25
July 17, 2020	200,000	Warrants	N/A	\$1.31
July 21, 2020	30,000	Warrants	N/A	\$1.25
July 24, 2020	339,000	Warrants	N/A	\$1.25
July 30, 2020	9,774,738	Warrants	N/A	\$1.25
October 1, 2020	1,300,000	Warrants	N/A	\$2.47
November 25, 2020	260,075	Warrants	N/A	C\$3.71

Convertible Debt:

Date	Number of Securities	Type of Securities	Principal Amount	Exercise Price per Security
September 23, 2019	1	Convertible Promissory Note	\$120,000	\$6.00
November 19, 2020	1	Convertible Promissory Note ⁽²⁾	\$2,411,500	\$2.65

Subscription Receipts:

Date	Number of Securities	Type of Securities	Issue Price per Security	Exercise Price per Security
October 23, 2020	11,500,000	Subscription Receipts	C\$3.55	N/A

Non-Convertible Debt:

Date	Number of Securities	Type of Securities	Aggregate Principal Amount	Exercise Price per Security
July 24, 2019	3	Secured Promissory Note	\$1,500,000	N/A
December 23, 2019	1	Senior Secured Note	\$150,000	N/A
January 2, 2020	1	Senior Secured Note	\$100,000	N/A
January 3, 2020	1	Senior Secured Note	\$100,000	N/A
January 21, 2020	1	Senior Secured Note	\$500,000	N/A
February 19, 2020	2	Senior Secured Note	\$1,500,000	N/A
June 25, 2020	2	Senior Secured Note	\$2,000,000	N/A
July 10, 2020	7	Senior Secured Note	\$1,050,000	N/A
July 17, 2020	4	Senior Secured Note	\$500,000	N/A
July 21, 2020	1	Senior Secured Note	\$50,000	N/A
July 30, 2020	9	Senior Secured Note	\$1,025,000	N/A
August 11, 2020	1	Promissory Note	\$3,750,000	N/A
November 11, 2020	1	Unsecured Credit Line	\$614,120 ⁽³⁾	N/A

Notes:

- (1) All securities listed in the below table are exercisable for Subordinate Voting Shares.
- (2) The note is mandatorily convertible at maturity.
- (3) The total funds available under this facility are EUR 500,000, which has been converted into US Dollars for purposes of this AIF.

ESCROWED SECURITIES

The securities belonging to Max Cohen, as indicated in the Directors and Officers table below, are the only securities subject to a lock-up and the lock-up expires on June 1, 2021.

DIRECTORS AND OFFICERS

The following table sets out, for each of the Company's directors and executive officers, the person's name, age, state and country of residence, position with the Company, principal occupation(s) during the last five (5) years, and, if an existing officer of Jushi Inc prior to the Business Combination, the date on which the person became such an officer. The Company's directors were re-elected at the shareholders' meeting held on June 1, 2020 and will hold office until they resign or are removed by the shareholders of the Company.

The size of the initial Board was seven (7) directors. Only six (6) directors were elected at the shareholders' meeting held on June 1, 2020, leaving one (1) vacant seat, which remained vacant through December 31, 2020. On February 9, 2021, Max Cohen resigned as a director of the Company. On May 25, 2021, Marina Hahn was appointed as a director of the Company.

Under NI 52-110, an independent director is one who is free from any direct or indirect relationship which could, in the view of the Board, be reasonably expected to interfere with a director's exercise of independent judgment. James Cacioppo and Erich Mauff are not considered independent. Marina Hahn, Benjamin Cross, Stephen Monroe and Peter Adderton are considered independent.

Name and State and Country of Residence	Age	Position(s) within the Company	Principal Occupation(s) for the last 5 years	Number of Securities of the Company Directly or Indirectly Held ⁽¹⁾	Percentage of Class ⁽¹⁾	Voting Rights Percentage (Based on all Shares Outstanding) ⁽¹⁾
James Cacioppo ⁽²⁾⁽⁴⁾ Florida, U.S.	58	Chairman and Chief Executive Officer	Chairman and CEO of the Company (January 2018 to Present); Managing Partner, One East Partners (April 2006 to Present); Director of Viscount Systems Inc. (Nevada) (August 2015 to Present); Director of Affinity Gaming (Nevada) (August 2014 to March 2017)	114,000 Super Voting Shares 3,188,466 Subordinate Voting Shares	76.51% 2.11%	33.55% 0.94%
Erich Mauff New York, U.S.	54	President and Director	President of the Company (January 2018 to Present); CEO, Grey Lourie LLC (December 2015 to January 2016); Vice-Chairman, Deutsche Bank (March 1999 to December 2015)	20,000 Super Voting Shares 2,572,142 Subordinate Voting Shares	13.42% 1.71%	5.89% 0.76%
Kimberly Bambach Florida, U.S.	49	Chief Financial Officer	CFO of the Company (November 2018 to Present); CFO, Bidtellect Inc. (August 2016 to November 2018); CFO, Hooklogic Inc. (March 2013 to August 2016)	1,204,218 Subordinate Voting Shares	0.80%	0.35%
Benjamin Cross ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾ Connecticut, U.S.	66	Director	Managing Director of Morgan Stanley (May 1995 to May 2015)	225,323 Subordinate Voting Shares	0.15%	0.07%

Stephen Monroe ⁽²⁾⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁷⁾ New York, U.S.	61	Director	President and Managing Partner of Liquid Capital Alternative Funding (March 2016 to Present); Managing Director Royal Bank of Scotland (May 2009 to October 2015)	153,684 Subordinate Voting Shares	0.10%	0.04%
Peter Adderton ⁽³⁾⁽⁵⁾ California, U.S.	54	Director	CEO of Boost Mobile Australia (2017 to Present); CEO of 360fly (2015 to 2017); CEO Digital Turpine (2014)	100,323 Subordinate Voting Shares	0.07%	0.03%
Louis J. Barack Florida, U.S.	44	President and Corporate Secretary	President of the Company (November 2019 to Present); EVP, Business Development of the Company (January 2018 to November 2019); Director of Research, One East Capital Advisors (October 2013 to March 2018)	15,000 Super Voting Shares 1,444,725 Subordinate Voting Shares	10.07% 0.96%	4.41% 0.43%
Max Cohen Colorado, U.S.	43	Director ⁽⁸⁾	Chief Operating Officer of the Company (June 2019 to January 2020) ⁽⁹⁾ Owner / Manager of HMS LLC (November 2009 to Present)	2,057,181 Subordinate Voting Shares	1.36%	0.61%
Marina Hahn ⁽³⁾⁽⁵⁾ New York, U.S.	63	Director	Consultant for Rotkaeppchen-Mumm (2020 to Present); VP, Co Founder of ZX Ventures (2018 to 2020); President, Consumer Division of Flex Pharma (2014 to 2017)	Nil ⁽¹⁰⁾	N/A	N/A

Notes:

- (1) Excludes any options or warrants held by such persons. Includes unvested Restricted Subordinate Voting Shares. Number of shares and percentages are as of May 21, 2021.
- (2) Member of the Compensation Committee.
- (3) Member of the Audit Committee.
- (4) Member of the Nominating and Corporate Governance Committee.
- (5) Independent Director.
- (6) Disposed of 25,000 Subordinate Voting Shares subsequent December 31, 2020.
- (7) Acquired 3,200 Subordinate Voting Shares subsequent December 31, 2020.

- (8) Resigned as a director of the Company on February 9, 2021.
- (9) Resigned as Chief Operating Officer of the Company on January 1, 2020.
- (10) Will receive an initial grant of Restricted Subordinate Voting Shares valued at \$100,000.

Biographies

The following are brief profiles of the Company's executive officers and directors.

James Cacioppo, Founder, CEO and Chairman

James brings managerial, start-up, financial and investing experience to his role as Founder, CEO and Chairman of the Company. Prior to founding the Company, James spent over two decades managing the business and allocating capital in senior management positions at several large hedge funds; two of which were early stage success stories. James is Co-Founder and Managing Partner of One East Partners (US\$2.3 billion (peak assets under management)). Previously, James served as President and Co-Portfolio Manager of Sandell Asset Management (US\$5.0 billion (peak assets under management)) and Head of Distressed Debt for Halcyon Management, a global investment firm with over US\$9 billion in assets. James earned his BA from Colgate University and his MBA from Harvard University.

Erich Mauff, Founder, President and Director

Erich brings financial and managerial experience to his role as Founder, Co-President and Director of the Company. Erich spent over 20 years at Deutsche Bank, first heading Capital Markets & Treasury Solutions group, then serving as Managing Director and Vice Chairman of Corporate Finance North America. Erich's fierce work ethic extends beyond even his executive experience—in 1992, Erich competed in the Olympics for South Africa's Men's rowing team. Erich earned his BA from Brown University.

Benjamin Cross, Director

Benjamin brings extensive financial markets experience and commodities knowledge to his role as Director of the Company. Benjamin spent 20 years at Morgan Stanley in both their London and New York offices in the Commodities Division until his retirement in 2015 as a Managing Director at the firm. Prior to joining Morgan Stanley, Benjamin worked at Merrill Lynch and the commodities exchange. Benjamin earned his BS from Cornell University. Presently, Benjamin is a Board Advisor to Ursa Space, a geospatial intelligence firm with an emphasis in measuring global oil inventories.

Stephen Monroe, Director

Stephen brings vast experience in financial markets and risk management to his role as Director of the Company. Stephen is President and Managing Partner of Liquid Capital Alternative Funding, an asset-based lender. Prior to joining Liquid Capital Alternative Funding, Stephen served as National Sales Manager for Short Duration Products at JP Morgan; and previously in a variety of senior management positions covering cash and short duration products at Barclays and the Royal Bank of Scotland. Stephen earned his BA from Williams College.

Peter Adderton, Director

Peter brings invaluable operational and marketing expertise to his role as Director of the Company. Peter is a Director and Founder of Boost Mobile, a wireless telecommunications brand based in Australia. Under his leadership, Boost Mobile USA was purchased by Nextel/Sprint and remains a wholly owned subsidiary of Sprint Nextel. Prior to founding Boost Mobile, Peter founded Amp'd Mobile, a wireless company and Mandalay Digital, now Digital Turbine, a mobile solutions provider. At Mandalay Digital, Peter was the Company's CEO and Director leading it to become a NASDAQ listed company. Peter graduated from Sydney Technical College.

Marina Hahn, Director

Ms. Hahn brings extensive board and consumer brand experience to her role as Director at Jushi. Ms. Hahn serves as a consultant at Rotkaeppchen-Mumm, a German market leader in sparkling wines and spirits. Prior to serving as a consultant at Rotkaeppchen-Mumm, Ms. Hahn co-founded ZX Ventures, a growth arm of Anheuser-Busch. Prior to ZX Ventures, Ms. Hahn served as President of the Consumer Division at Flex Pharma, an innovative biotech formed as a result of a scientific breakthrough for athletes who suffer from muscle cramps. Ms. Hahn was a founder of SVEDKA Vodka (acquired by Constellation Brands, Inc.), an irreverent lifestyle brand where she originated the iconic spokesbot, SVEDKA_grl. Ms. Hahn is a graduate of Wellesley College.

Kimberly Bambach, Chief Financial Officer

Kimberly brings impressive financial and executive experience to her position as CFO of the Company. Prior to joining the Company, Kimberly served as CFO for a number of high growth ventured back start-ups including BidTellec and Hooklogic. Kimberly has over 25 years of experience in management and finance for both large public and private corporations. Kimberly earned her BA from SUNY Brockport and her MBA from Pace University.

Louis J. Barack, Founder, President and Corporate Secretary

Jon brings extensive financial and cannabis industry investing experience (both public and private) to his role as Founder, President and Corporate Secretary of the Company. Jon spent over ten years in investments at various hedge funds, including five years at One East Capital Advisors where he focused on cannabis investments. Jon earned his BA from Princeton University and his JD/MBA from Northwestern University.

Penalties or Sanctions

No director or executive officer of the Company, or securityholder holding a sufficient number of securities of the Company to affect materially the control of the Company has: (i) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Bankruptcies & Cease Trade Orders

None of the Company's directors or executive officers has, within the 10 years prior to the date of this AIF, been a director, chief executive officer or chief financial officer of any company (including the Company) that, while such person was acting in that capacity (or after such person ceased to act in that capacity but resulting from an event that occurred while that person was acting in such capacity) was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation, in each case for a period of more than 30 consecutive days. None of the Company's directors or executive officers, nor any securityholder holding a sufficient number of securities of the Company to affect materially the control of the Company (or a personal holding company of any such persons), has, within the 10 years prior to the date of this AIF: (i) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such director, executive officer or securityholder, or (ii) been a director or executive officer of any company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors, officers and promoters of the Company also holding positions as directors or officers of other companies. They also invest and may invest in businesses, including in the cannabis sector, that compete directly or indirectly with the Company or act as customers or suppliers of the Company. Some of the individuals that are directors and officers of the Company have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Company will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies provided under BCBCA.

To the best of the Company's knowledge, other than as disclosed in this AIF, there are no known existing or potential material conflicts of interest among the Company or a subsidiary of the Company and a director or officer of the Company or a subsidiary of the Company as a result of their outside business interests except that: (i) certain of the Company's or its subsidiaries' directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies, and (ii) certain of the Company's or its subsidiaries' directors and officers have portfolio investments consisting of minority stakes in businesses that may compete directly or indirectly with the Company or act as a customer of, or supplier to, the Company.

PROMOTERS

Each of (i) James Cacioppo, Founder, Chairman and Chief Executive Officer of the Company, (ii) Erich Mauff, Founder and President of the Company, and (iii) Jon Barack, Founder and President of the Company may be considered promoters of the Company within the meaning of Canadian securities legislation. As of May 21, 2021, 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
	3,188,466 Subordinate Voting Shares	2.11%	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
	2,572,142 Subordinate Voting Shares	1.71%	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
	1,444,725 Subordinate Voting Shares	0.96%	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 \$388,966.28 and \$316,666.64, respectively, as compensation from the Company in 2020. In addition to monetary compensation, Mr. Cacioppo received restricted Subordinate Voting Shares worth \$3,562,500.33 and a loan in the amount of \$1,212,275.05 and Mr. Mauff received restricted Subordinate Voting Shares worth \$1,721,875.56 and a loan in the amount of \$719,810.20. Other than as set forth herein, neither Mr. Cacioppo nor Mr. Mauff received any additional money, property, contracts, options or rights of any kind as compensation from the Company or from a subsidiary of the Company in 2020.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There have been no penalties or sanctions imposed against the Company by a court or regulatory authority, and the Company has not entered into any settlement agreements before any court relating to provincial or territorial securities legislation or with any securities regulatory authority, in the three years prior to the date of this AIF.

Other than the civil disputes described below, to the Company's knowledge, there are no material legal proceedings or regulatory actions to which the Company is a party, or has been a party to, or of which any of its property is or was the subject matter of, and no such proceedings or actions are known by the Company to be contemplated.

On March 1, 2018, the Company acquired a majority stake in TGSNH which controlled TGSNF, a franchisor. During 2018, SFN terminated franchise agreements between it and TGSNF. SFN then sold its business to a third-party. TGSNF contends the termination of the franchise agreements and sale to the third party were wrongful, and in late 2018 initiated arbitration seeking to recover monetary damages. In May 2020, Jushi FL SPV, LLC was substituted for TGS as the claimant in the arbitration. The final hearing in the arbitration is scheduled for mid-2021.

Non-Compliance with State and Local Cannabis Laws

As of the date hereof, the Company has not received any notices of non-compliance with state and local cannabis laws, other than minor violations or deficiencies that, with corrective action, would not result in a material fine, suspension or revocation of any relevant license. Common incidences in the industry of non-compliance with applicable rules and regulations may include:

- a minor inventory discrepancy with regulatory reporting software;
- a missing field in a regulatory report;
- equipment not stored properly;
- updated staffing plan not immediately available on site;
- improper signage;
- labels out of compliance with most recent regulatory guidelines;
- partial obstruction of camera views; and
- onsite surveillance room used for any other function (e.g., storage).

In addition, either on an inspection basis or in response to complaints, such as from neighboring property tenants, customers or former employees, state or local regulators may among other things issue “show cause” letters, give warnings to, or cite the Company or one of its subsidiaries for violations, including those listed above. Such regulatory actions could lead to the requirement to remedy the situation, or, in more serious cases, to penalties, suspensions or revocations of licenses or could otherwise have an impact on the Company’s or its affiliates’ licenses, business activities or operations. The Company has a compliance department that conducts regular compliance reviews to seek to ensure compliance with applicable state and local cannabis rules and regulations.

The Company intends to cause all of its operations to promptly remedy any known occurrences of non-compliance with applicable state and local cannabis rules and regulations.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Pursuant to the amended OEMS Services Agreement, OEMS received a quarterly fee of US\$125,000. The OEMS Services Agreement terminated on May 31, 2020.

Pursuant to the ST2 Services Agreement, the Company will pay ST2 LLC US\$10,000 quarterly until termination by either party.

James Cacioppo, Erich Mauff, Kimberly Bambach, Max Cohen, Benjamin Cross and Denis Arsenault all participated in the Debt Financing and currently own an outstanding debt position of \$812,000.

TRANSFER AGENTS AND REGISTRARS

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

MATERIAL CONTRACTS

During the course of the two years prior to the date of this AIF, the Company either directly or through a subsidiary, has entered into the following material contracts, other than contracts entered into in the ordinary course of business:

- (a) Letter Agreement by and between Tanzania Minerals Corp. and Jushi Inc. pertaining to that certain reverse takeover transaction completed on June 6, 2019;

- (b) an Equity Purchase Agreement by and among Jushi Inc, Franklin Bioscience – Penn, LLC and its subsidiaries and the members thereof, dated June 4, 2019 for the acquisition by Jushi Inc of 100% of the issued and outstanding membership interests of Franklin Bioscience – Penn, LLC and its subsidiaries;
- (c) a Membership Interest Purchase and Exchange Agreement by and among the Company, Jushi VA, LLC, Dalitso and the members thereof, dated June 28, 2019;
- (d) a Membership Interest Purchase Agreement by and between Dalraa, LLC and Jushi VA, LLC, dated June 28, 2019;
- (e) a Membership Interest Purchase Agreement by and between New Leaf Virginia, LLC and Jushi VA, LLC, dated June 28, 2019;
- (f) an Equity Purchase Agreement by and among Vireo Health, Inc., PAMS, PASPV Holdings, LLC, and Jushi Inc, dated June 21, 2020 for the acquisition by PASPV Holdings, LLC of 100% of the issued and outstanding membership interests of PAMS;
- (g) A form Warrant Note/OID Note; and
- (h) the Trust Indenture by and between the Company and Odyssey Trust Company, dated November 20, 2020, regarding the 10% Senior Secured Notes due January 15, 2023;
- (i) a Merger and Membership Interests Purchase Agreement by and among Jushi MA, Inc., Jushi Inc, Nature's Remedy of Massachusetts, Inc., McMann LLC, Valiant Enterprises, LLC, and, in a limited capacity, certain other parties thereto, dated as of April 16, 2021.

To the extent that cannabis-related licenses held by the Company or its subsidiaries could also be considered to be material contracts, the following licenses are the material contracts of the Company:

State	Entity Holding License	State Licensing Authority	State License	Activity Under License
Illinois	Beyond Hello IL, LLC ¹	Department of Financial and Professional Regulation Division of Professional Regulation	Registered Adult Use Dispensing Organization	Cannabis Dispensing (Adult Use)
Illinois	Beyond Hello IL, LLC	Department of Financial and Professional Regulation Division of Professional Regulation	Registered Medical Cannabis Dispensing Organization	Cannabis Dispensing (Medical)
Illinois	Beyond Hello IL, LLC	Department of Financial and Professional Regulation Division of Professional Regulation	Registered Adult Use Dispensing Organization	Cannabis Dispensing (Adult Use)
Illinois	Beyond Hello IL, LLC	Department of Financial and Professional Regulation Division of Professional Regulation	Registered Medical Cannabis Dispensing Organization	Cannabis Dispensing (Medical)
Illinois	Beyond Hello IL, LLC	Department of Financial and Professional Regulation Division of Professional Regulation	Registered Adult Use Dispensing Organization	Cannabis Dispensing (Adult Use)
Illinois	Beyond Hello IL, LLC	Department of Financial and Professional Regulation Division of Professional Regulation	Registered Adult Use Dispensing Organization	Cannabis Dispensing (Adult Use)
Pennsylvania	Franklin Bioscience – PENN, LLC	Commonwealth of Pennsylvania Department of Health Office of Medical Marijuana	Permit to Operate a Medical Marijuana Dispensary Facility	Cannabis Dispensing (Medical)
Pennsylvania	Franklin Bioscience – PENN, LLC	Commonwealth of Pennsylvania Department of Health Office of Medical Marijuana	Permit to Operate a Medical Marijuana Dispensary Facility	Cannabis Dispensing (Medical)
Pennsylvania	Franklin Bioscience – PENN, LLC	Commonwealth of Pennsylvania Department of Health Office of Medical Marijuana	Permit to Operate a Medical Marijuana Dispensary Facility	Cannabis Dispensing (Medical)
Pennsylvania	Pennsylvania Medical Solutions, LLC	Commonwealth of Pennsylvania Department of Health Office of Medical Marijuana	Permit to Operate a Medical Marijuana Grower/Processor Facility	Cannabis Growing and Processing (Medical)
Virginia	Dalitso LLC	Commonwealth of Virginia Board of Pharmacy	Permit to Operate a Medical Cannabis Grower/Processor/Dispensing Facility	Cannabis Growing, Processing and Dispensing (Medical)

Notes:

1. Formerly TGSIH.

Copies of the above-noted material contracts are available on the Company's SEDAR profile at www.sedar.com.

AUDIT COMMITTEE

The Audit Committee, the charter of which is attached hereto as Appendix “A”, is comprised of Benjamin Cross, Stephen Monroe, Marina Hahn, and Peter Adderton, each of which is independent within the meaning of NI 52-110. Stephen Monroe is the Chair of the Audit Committee. Each Audit Committee member is “financially literate” within the meaning of NI 52-110 and possesses education or experiences that is relevant for the performance of their responsibilities as an Audit Committee member. The duties of the Audit Committee are set out in an audit committee mandate that give the Audit Committee responsibility for, among other things, oversight of the Company’s internal accounting and financial reporting practices, financial statements and financial disclosures, external auditors, and compliance with legal and other regulatory requirements.

Audit Fees

The following table sets forth the aggregate fees billed as of May 21, 2021 by MNP LLP, Chartered Professional Accountants, the external auditors for the Corporation, for services rendered for the fiscal years ended December 31, 2020 and December 31, 2019. MNP LLP was appointed as auditor of the Corporation on April 29, 2019.

	December 31, 2020	December 31, 2019
Audit Fees(1).....	\$618,000	\$485,000
Audit-related fees(2)	\$277,000	\$49,000
Tax fees(3)	\$61,000	-
Total	\$956,000	\$534,000

Notes:

- (1) “Audit fees” include the aggregate fees billed for the audit of the annual consolidated financial statements.
- (2) “Audit related fees” includes the aggregate fees billed for the review of interim unaudited consolidated financial statements and technical, accounting and financial reporting advice services.
- (3) “Tax fees” include the aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning.

The following table sets forth the aggregate fees billed by Macias Gini & O’Connell, LLP, the external auditors for the Corporation prior to the Business Combination, for services rendered for the fiscal year ended December 31, 2019.

	December 31, 2019
Audit Fees(1)	Nil
Audit-related fees(2)	\$33,892
All other fees (4).....	\$121,750
Total	\$155,642

Notes:

- (1) “Audit fees” include the aggregate fees billed for the audit of the annual consolidated financial statements.
- (2) “Audit related fees” include the aggregate fees billed for the review of interim unaudited consolidated financial statements.
- (3) “Tax fees” include the aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning.
- (4) “All other fees” include the aggregate fees billed for a regulatory audit and filing.

INTERESTS OF EXPERTS

The auditor of the Company for fiscal year ended 2020 was MNP LLP. MNP LLP is independent of the Company within meaning of the *Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia*.

To the knowledge of the Company, no person or company who is an expert and whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this AIF, or prepared or certified a report or valuation described or included in this AIF, beneficially owns more than 1% of the issued and outstanding Subordinate Voting Shares. Moreover, no such person or company, or any of their respective directors, officers or employees, is, or expects to be, elected, appointed or employed as a director, officer or employee of the Company or any of its Associates or Affiliates.

ADDITIONAL INFORMATION

Additional information relating to the Company is available under the Company’s profile on SEDAR at www.sedar.com.

Additional financial information is provided in the 2020 Financial Statements and the Company’s management’s discussion and analysis for the year ended December 31, 2020. Additional information, including directors' and officers' remuneration and indebtedness, principal holders of Company securities and securities authorized for issuance under equity compensation plans, is contained in the Circular. Copies of the above referenced documents may be obtained upon request from the Company’s head office, or may be viewed under the Company’s profile on SEDAR at www.sedar.com.

SCHEDULE “A” – AUDIT COMMITTEE CHARTER

JUSHI HOLDINGS INC.

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

1. Purpose of this Charter

The Audit Committee (the “**Committee**”) is a standing committee of the board of directors (the “**Board**”) of Jushi Holdings Inc. (“**Jushi**”). The Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibilities relating to financial accounting, reporting and internal controls for the Company. This Charter shall govern the operations of the Committee.

The Committee’s primary duties and responsibilities are to:

- (a) conduct such reviews and discussions with management and the external auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- (b) assess the integrity of internal controls and financial reporting procedures of the Company and ensure implementation of such controls and procedures;
- (c) review the interim and annual financial statements and management’s discussion and analysis of the Company’s financial position and operating results and in the case of the annual financial statements and related management’s discussion and analysis, report thereon to the Board for approval of same;
- (d) select and monitor the independence and performance of the Company’s external auditors, including attending at private meetings with the external auditors and reviewing and approving all renewals or dismissals of the external auditors and their remuneration; and
- (e) provide oversight of all disclosure relating to, and information derived from, financial statements and management’s discussion and analysis.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the external auditors, as well as any officer of the Company, or outside counsel for the Company, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Company and has the authority to retain, at the expense of the Company, special legal, accounting, or other consultants or experts to assist in the performance of the Committee’s duties.

The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval.

In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part 4 of this Charter.

2. Authority of the Audit Committee

The Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;

- (b) set and pay the compensation for advisors employed by the Committee; and
- (c) communicate directly with the internal and external auditors of the Company.

3. Composition and Meetings

- (a) The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. Unless a Chair is elected by the Board, the members of the Committee shall designate from amongst themselves by majority vote of the full Committee a member who shall serve as Chair. The position description and responsibilities of the Chair are set out in Schedule "A" attached hereto.
- (b) The Committee and its membership shall meet all applicable legal, regulatory and listing requirements, including, without limitation, those of the Ontario Securities Commission ("**OSC**"), any exchange upon which the securities of the Company are listed, the *Business Corporations Act* (British Columbia) and all applicable securities regulatory authorities. Each of the members of the Committee shall be "independent" and "financially literate". An "independent" director is a director who has no direct or indirect material relationship with the Company. A "material relationship" is a relationship which, in the view of the Board, could be reasonably expected to interfere with the exercise of the director's independent judgement or a relationship deemed to be a material relationship pursuant to Sections 1.4 and 1.5 of National Instrument 52-110 — *Audit Committees*, as set out in Schedule "B" hereto. A "financially literate" director is a director who has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the accounting issues that can be reasonably expected to be raised in the Company's financial statements.
- (c) Each member of the Committee shall serve at the pleasure of the Board. The Committee shall report to the Board.
- (d) The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two and at least 50% of the members of the Committee present, either in person or by telephone, shall constitute a quorum.
- (e) If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the next business day following the date of such meeting at the same place. If at the adjourned meeting a quorum is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum is not present, the quorum for the adjourned meeting shall consist of the members then present (a "**Reduced Quorum**").
- (f) If, and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office or a Reduced Quorum is present in respect of a specific Committee meeting.
- (g) The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other means of communication, by giving at least 48 hours' notice, provided that no notice of a

meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.

- (h) Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for the purposes hereof, to be present in person at the meeting.
- (i) The Committee shall keep minutes of its meetings. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
- (j) Any director of the Company may attend meetings of the Committee, and the Committee may invite such officers and employees of the Company and its subsidiaries as the Committee may see fit, from time to time, to attend at meetings of the Committee.
- (k) Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. The Committee shall report its determinations to the Board at the next scheduled meeting of the Board, or earlier as the Committee deems necessary.
- (l) The Committee members will be appointed annually at the first meeting of the Board following the annual general meeting of shareholders.
- (m) The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.

4. Responsibilities

- (a) Financial Accounting and Reporting Process and Internal Controls
- i. The Committee shall review the annual audited and interim financial statements and related management's discussion and analysis before the Company publicly discloses this information to satisfy itself that the financial statements are presented in accordance with applicable accounting principles and in the case of the annual audited financial statements and related management's discussion and analysis, report thereon and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. With respect to the annual audited financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the external auditors as and when the Committee deems it appropriate to do so. The Committee shall consider whether the Company's financial disclosures are complete, accurate, prepared in accordance with International Financial Reporting Standards and fairly present the financial position of the Company. The Committee shall also satisfy itself that, in the case of the annual financial statements, the audit function has been effectively carried out by the auditors and, in the case of the interim financial statements, that the review function has been effectively carried out.
 - ii. The Committee shall review and assess the adequacy and effectiveness of the Company's systems of internal control and management information systems through discussion with management and the external auditor to ensure that the Company maintains appropriate systems, is able to assess the pertinent risks of the Company and that the risk of a material misstatement in the financial disclosures can be detected.
 - iii. The Committee shall be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, management's discussion and analysis and annual and interim financial press releases, and periodically assess the adequacy of these procedures in consultation with any disclosure committee of the Company.
 - iv. The Committee shall review any press releases containing disclosure regarding financial information that are required to be reviewed by the Committee under any applicable laws or otherwise pursuant to the policies of the Company (including before the Company publicly discloses this information).
 - v. The Committee shall meet no less than annually with the external auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Company in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, the officer of the Company in charge of financial matters, deem appropriate.
 - vi. The Committee shall inquire of management and the external auditors about significant financial and internal control risks or exposures and assess the steps management has taken to minimize such risks.

- vii. The Committee shall review the post-audit or management letter, if any, containing the recommendations of the external auditors and management's response and subsequent follow-up to any identified weaknesses.
- viii. The Committee shall be responsible for monitoring compliance with the Company's Code of Conduct and Business Ethics;
- ix. The Committee shall periodically review and make recommendations regarding the Code of Business Conduct and Ethics adopted by the Board;
- x. The Committee is responsible for creating a confidential and anonymous process whereby persons can report any concerns regarding matters which the complainant views to be illegal, unethical or contrary to the Company's policies;
- xi. The Committee shall periodically review and make recommendations regarding the Whistleblower Policy and any other policies adopted by the Board;
- xii. The Committee shall follow procedures established as set out in the Company's Whistleblower Policy, for:
 - 1. the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, auditing matters or violations to the Company's Code of Business Conduct and Ethics; and
 - 2. the submission by employees, consultants, contractors, directors or officers of the Company, on a confidential and anonymous basis, of concerns regarding questionable accounting, auditing matters or violations to the Company's Code of Business Conduct and Ethics.
- xiii. The Committee shall ensure that management establishes and maintains an appropriate budget process, which shall include the preparation and delivery of periodic reports from the Chief Financial Officer to the Committee comparing actual spending to the budget. The budget shall include assumptions regarding economic parameters that are well supported and shall take into account the risks facing the Company; and
- xiv. The Committee shall have the authority to adopt such policies and procedures as it deems appropriate to operate effectively.

(b) **External Auditors**

- i. The Committee shall recommend to the Board the external auditors to be nominated for the purpose of preparing or issuing an auditors' report or performing other audit, review or attest services for the Company, shall set the compensation for the external auditors, provide oversight of the external auditors and shall ensure that the external auditors report directly to the Committee.
- ii. The Committee shall ensure that procedures are in place to assess the audit activities of the external auditors and the internal audit functions.

- iii. The pre-approval of the Committee shall be required as further set out in Schedule "C" prior to the undertaking of any non-audit services not prohibited by law to be provided by the external auditors in accordance with this Charter.
- iv. The Committee shall monitor and assess the relationship between management and the external auditors and monitor, support and assure the independence and objectivity of the external auditors and attempt to resolve disagreements between management and the external auditors regarding financial reporting.
- v. The Committee shall review the external auditors' audit plan, including the scope, procedures and timing of the audit.
- vi. The Committee shall review the results of the annual audit with the external auditors, including matters related to the conduct of the audit.
- vii. The Committee shall obtain timely reports from the external auditors describing critical accounting policies and practices, alternative treatments of information within International Financial Reporting Standards that were discussed with management, their ramifications, and the external auditors' preferred treatment and material written communications between the Company and the external auditors.
- viii. The Committee shall review fees paid by the Company to the external auditors and other professionals in respect of audit and non-audit services on an annual basis.
- ix. The Committee shall review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Company.
- x. The Committee shall have the authority to engage the external auditors to perform a review of the interim financial statements.

(c) **Other Responsibilities**

The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.

5. Performance Evaluation

The Committee shall conduct an annual evaluation of the performance of its duties under this Charter and shall present the results of the evaluation to the Board.

6. Access to Information

The Committee shall be granted unrestricted access to all information regarding the Company that is necessary or desirable to fulfill its duties and all directors, officers and employees of the Company will be directed to cooperate as requested by members of the Committee.

7. No Rights Created

This Charter is a broad policy statement and is intended to be part of the Committee's flexible governance framework. While the Charter should comply with all applicable laws, regulations and

listing requirements and the Company's articles and by-laws, this Charter does not create any legally binding obligations on the Committee, the Board or the Company. The terms of this Charter are not intended to give rise to civil liability on the part of the Company or its directors or officers to shareholders, security holders, customers, suppliers, competitors, employees or other persons, or to any other liability whatsoever on their part.

The Board may, from time to time, and to the extent permitted by applicable law, permit departures from the terms of this Charter, either prospectively or retrospectively.

8. Oversight Function

It is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or comply with applicable accounting standards, as applicable, and other applicable requirements. These are the responsibilities of management and the external auditors. The Committee, however, will consider whether these annual financial statements are complete, consistent with information known to the members of the Committee, and reflect appropriate accounting principles.

The role of the Committee is to provide broad oversight of the financial, risk and control related activities of the Company and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a member of the Committee as having accounting or related financial expertise for disclosure purposes is based that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a member of the Committee who is identified as having accounting or related financial expertise, like the role of all members of the Committee, is to oversee the process, not to certify or guarantee the internal or external audit of the Company's financial information or public disclosure.

9. Approval

Approved by the Board on August 8, 2019.

listing requirements and the Company's articles and by-laws, this Charter does not create any legally binding obligations on the Committee, the Board or the Company. The terms of this Charter are not intended to give rise to civil liability on the part of the Company or its directors or officers to shareholders, security holders, customers, suppliers, competitors, employees or other persons, or to any other liability whatsoever on their part.

The Board may, from time to time, and to the extent permitted by applicable law, permit departures from the terms of this Charter, either prospectively or retrospectively.

8. Oversight Function

It is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate or comply with applicable accounting standards, as applicable, and other applicable requirements. These are the responsibilities of management and the external auditors. The Committee, however, will consider whether these annual financial statements are complete, consistent with information known to the members of the Committee, and reflect appropriate accounting principles.

The role of the Committee is to provide broad oversight of the financial, risk and control related activities of the Company and are specifically not accountable or responsible for the day to day operation or performance of such activities. Although the designation of a member of the Committee as having accounting or related financial expertise for disclosure purposes is based that individual's education and experience, which that individual will bring to bear in carrying out his or her duties on the Committee, such designation does not impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Committee and Board in the absence of such designation. Rather, the role of a member of the Committee who is identified as having accounting or related financial expertise, like the role of all members of the Committee, is to oversee the process, not to certify or guarantee the internal or external audit of the Company's financial information or public disclosure.

9. Approval

Approved by the Board on August 8, 2019.

SCHEDULE “A”

JUSHI HOLDINGS INC.

POSITION DESCRIPTION FOR THE CHAIR OF THE AUDIT COMMITTEE

1. PURPOSE

The Chair of the Committee shall be an independent director who is selected by the Board or designated by a majority vote of the Committee to act as the leader of the Committee in assisting the Board in fulfilling its financial reporting and control responsibilities to the shareholders of the Company.

2. WHO MAY BE CHAIR

The Chair will be selected from amongst the members of the Committee. For greater certainty, the Chair shall be “independent” and “financially literate” as defined in National Instrument 52-110 – *Audit Committees*.

The Chair will be selected annually at the first meeting of the Board following the annual general meeting of shareholders or designated by a majority vote of the Committee.

3. RESPONSIBILITIES

The following are the primary responsibilities of the Chair:

- a) chair all meetings of the Committee in a manner that promotes meaningful discussion;
- b) oversee adherence to the Committee’s Charter and that the adequacy of the Committee’s Charter is reviewed annually;
- c) provide leadership to the Committee to enhance the Committee’s effectiveness, including:
 - i) act as liaison and maintain communication with the Board to coordinate input from directors and to optimize the effectiveness of the Committee. This includes ensuring that Committee materials are available to any director upon request and reporting to the Board on all decisions of the Committee at the first meeting of the Board after each Committee meeting and at such other times and in such manner as the Committee considers advisable;
 - ii) oversee the Committee’s lines of communication with the independent auditors, financial and senior management and the Board for financial and control matters with the goal of achieving open lines of communication and the Committee working as a cohesive team;
 - iii) take steps necessary to ensure that the resources available to the Committee are adequate to support its work and to resolve issues in a timely manner;

- iv) take all necessary actions to maintain an independent and objective Committee to monitor the Company's financial reporting process and internal control systems, as well as to monitor the relationship between the Company and the independent auditors to ensure independence;
 - v) oversee the establishment of Committee procedures to assess the audit activities of the independent auditors and the internal audit functions; and
 - vi) oversee the establishment of Committee procedures to review the Company's public disclosure of financial information and assess the adequacy of such procedures periodically, in consultation with any disclosure committee of the Company;
- d) oversee the establishment of Committee procedures for dealing with complaints received by the Company regarding accounting, internal controls and auditing matters, and for employees to submit confidential anonymous concerns;
- e) manage the Committee, including:
- i) adopt procedures so that the Committee can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;
 - ii) prepare the agenda of the Committee meetings and ensure pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;
 - iii) ensure Committee meetings are appropriate in terms of frequency, length and content;
 - iv) obtain a report from the independent auditors on an annual basis, review the report with the Committee and arrange meetings with the auditors and financial management to review the scope of the proposed audit for the current year, its staffing and the audit procedures to be used;
 - v) oversee the Committee's participation in the Company's accounting and financial reporting process and the audits of its financial statements;
 - vi) ensure that the auditors' report directly to the Committee, as representatives of the Company's shareholders;
 - vii) annually review with the Committee its own performance, report annually to the Board on the role of the Committee and the effectiveness of the Committee in contributing to the effectiveness of the Board;
 - viii) together with the Board, oversee the structure, composition and membership of, and activities delegated to, the Committee from time to time;
 - ix) oversee the Committee's work plan for the year and monitor progress at each meeting; and

- x) ensure Committee minutes are reviewed and approved.
- f) perform such other duties as may be delegated from time to time to the Chair of the Committee by the Board.

SCHEDULE "B"

JUSHI HOLDINGS INC.

NATIONAL INSTRUMENT 52-110 AUDIT COMMITTEES ("NI 52-110")

Section 1.4 — Meaning of Independence

- (1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection (1), a "material relationship" is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
 - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
 - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
 - (c) an individual who:
 - (i) is a partner of a firm that is the issuer's internal or external auditor,
 - (ii) is an employee of that firm, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
 - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of a firm that is the issuer's internal or external auditor,
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
 - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and

- (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because
 - (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or
 - (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (6) For the purposes of clause (3)(f), direct compensation does not include:
 - (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
 - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member
 - (a) has previously acted as an interim chief executive officer of the issuer, or
 - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
- (8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

Section 1.5 — Additional Independence Requirements for Audit Committee Members

- (1) Despite any determination made under section 1.4 of NI 52-110, an individual who
 - (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
 - (b) is an affiliated entity of the issuer or any of its subsidiary entities,

is considered to have a material relationship with the issuer.

- (2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
 - (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
 - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.
- (3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

SCHEDULE “C”

JUSHI HOLDINGS INC.

PROCEDURES FOR APPROVAL OF NON-AUDIT SERVICES

1. The Company’s external auditors shall be prohibited from performing for the Company the following categories of non-audit services:
 - (a) bookkeeping or other services related to the Company’s accounting records or financial statements;
 - (b) appraisal or valuation services, fairness opinion or contributions-in-kind reports;
 - (c) actuarial services;
 - (d) internal audit outsourcing services;
 - (e) management functions;
 - (f) human resources;
 - (g) broker or dealer, investment adviser or investment banking services;
 - (h) legal services; and
 - (i) any other service that the Canadian Public Accountability Board or International Accounting Standards Board or other analogous board which may govern the Company’s accounting standards, from time to time determines is impermissible.
2. In the event that the Company wishes to retain the services of the Company’s external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Company shall consult with the Chair of the Committee, who shall have the authority, subject to confirmation that such services will not compromise the independence of the Company’s external auditors, to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.
3. The Chief Financial Officer of the Company shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.

SCHEDULE “A”

JUSHI HOLDINGS INC.

POSITION DESCRIPTION FOR THE CHAIR OF THE AUDIT COMMITTEE

1. PURPOSE

The Chair of the Committee shall be an independent director who is selected by the Board or designated by a majority vote of the Committee to act as the leader of the Committee in assisting the Board in fulfilling its financial reporting and control responsibilities to the shareholders of the Company.

2. WHO MAY BE CHAIR

The Chair will be selected from amongst the members of the Committee. For greater certainty, the Chair shall be “independent” and “financially literate” as defined in National Instrument 52-110 – *Audit Committees*.

The Chair will be selected annually at the first meeting of the Board following the annual general meeting of shareholders or designated by a majority vote of the Committee.

3. RESPONSIBILITIES

The following are the primary responsibilities of the Chair:

- a) chair all meetings of the Committee in a manner that promotes meaningful discussion;
- b) oversee adherence to the Committee’s Charter and that the adequacy of the Committee’s Charter is reviewed annually;
- c) provide leadership to the Committee to enhance the Committee’s effectiveness, including:
 - i) act as liaison and maintain communication with the Board to coordinate input from directors and to optimize the effectiveness of the Committee. This includes ensuring that Committee materials are available to any director upon request and reporting to the Board on all decisions of the Committee at the first meeting of the Board after each Committee meeting and at such other times and in such manner as the Committee considers advisable;
 - ii) oversee the Committee’s lines of communication with the independent auditors, financial and senior management and the Board for financial and control matters with the goal of achieving open lines of communication and the Committee working as a cohesive team;
 - iii) take steps necessary to ensure that the resources available to the Committee are adequate to support its work and to resolve issues in a timely manner;

- iv) take all necessary actions to maintain an independent and objective Committee to monitor the Company's financial reporting process and internal control systems, as well as to monitor the relationship between the Company and the independent auditors to ensure independence;
 - v) oversee the establishment of Committee procedures to assess the audit activities of the independent auditors and the internal audit functions; and
 - vi) oversee the establishment of Committee procedures to review the Company's public disclosure of financial information and assess the adequacy of such procedures periodically, in consultation with any disclosure committee of the Company;
- d) oversee the establishment of Committee procedures for dealing with complaints received by the Company regarding accounting, internal controls and auditing matters, and for employees to submit confidential anonymous concerns;
- e) manage the Committee, including:
- i) adopt procedures so that the Committee can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;
 - ii) prepare the agenda of the Committee meetings and ensure pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;
 - iii) ensure Committee meetings are appropriate in terms of frequency, length and content;
 - iv) obtain a report from the independent auditors on an annual basis, review the report with the Committee and arrange meetings with the auditors and financial management to review the scope of the proposed audit for the current year, its staffing and the audit procedures to be used;
 - v) oversee the Committee's participation in the Company's accounting and financial reporting process and the audits of its financial statements;
 - vi) ensure that the auditors' report directly to the Committee, as representatives of the Company's shareholders;
 - vii) annually review with the Committee its own performance, report annually to the Board on the role of the Committee and the effectiveness of the Committee in contributing to the effectiveness of the Board;
 - viii) together with the Board, oversee the structure, composition and membership of, and activities delegated to, the Committee from time to time;
 - ix) oversee the Committee's work plan for the year and monitor progress at each meeting; and

- x) ensure Committee minutes are reviewed and approved.
- f) perform such other duties as may be delegated from time to time to the Chair of the Committee by the Board.

SCHEDULE "B"

JUSHI HOLDINGS INC.

NATIONAL INSTRUMENT 52-110 AUDIT COMMITTEES ("NI 52-110")

Section 1.4 — Meaning of Independence

- (1) An audit committee member is independent if he or she has no direct or indirect material relationship with the issuer.
- (2) For the purposes of subsection (1), a "material relationship" is a relationship which could, in the view of the issuer's board of directors, be reasonably expected to interfere with the exercise of a member's independent judgment.
- (3) Despite subsection (2), the following individuals are considered to have a material relationship with an issuer:
 - (a) an individual who is, or has been within the last three years, an employee or executive officer of the issuer;
 - (b) an individual whose immediate family member is, or has been within the last three years, an executive officer of the issuer;
 - (c) an individual who:
 - (i) is a partner of a firm that is the issuer's internal or external auditor,
 - (ii) is an employee of that firm, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
 - (d) an individual whose spouse, minor child or stepchild, or child or stepchild who shares a home with the individual:
 - (i) is a partner of a firm that is the issuer's internal or external auditor,
 - (ii) is an employee of that firm and participates in its audit, assurance or tax compliance (but not tax planning) practice, or
 - (iii) was within the last three years a partner or employee of that firm and personally worked on the issuer's audit within that time;
 - (e) an individual who, or whose immediate family member, is or has been within the last three years, an executive officer of an entity if any of the issuer's current executive officers serves or served at that same time on the entity's compensation committee; and

- (f) an individual who received, or whose immediate family member who is employed as an executive officer of the issuer received, more than \$75,000 in direct compensation from the issuer during any 12 month period within the last three years.
- (4) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because
 - (a) he or she had a relationship identified in subsection (3) if that relationship ended before March 30, 2004; or
 - (b) he or she had a relationship identified in subsection (3) by virtue of subsection (8) if that relationship ended before June 30, 2005.
- (5) For the purposes of clauses (3)(c) and (3)(d), a partner does not include a fixed income partner whose interest in the firm that is the internal or external auditor is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service with that firm if the compensation is not contingent in any way on continued service.
- (6) For the purposes of clause (3)(f), direct compensation does not include:
 - (a) remuneration for acting as a member of the board of directors or of any board committee of the issuer, and
 - (b) the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.
- (7) Despite subsection (3), an individual will not be considered to have a material relationship with the issuer solely because the individual or his or her immediate family member
 - (a) has previously acted as an interim chief executive officer of the issuer, or
 - (b) acts, or has previously acted, as a chair or vice-chair of the board of directors or of any board committee of the issuer on a part-time basis.
- (8) For the purpose of section 1.4, an issuer includes a subsidiary entity of the issuer and a parent of the issuer.

Section 1.5 — Additional Independence Requirements for Audit Committee Members

- (1) Despite any determination made under section 1.4 of NI 52-110, an individual who
 - (a) accepts, directly or indirectly, any consulting, advisory or other compensatory fee from the issuer or any subsidiary entity of the issuer, other than as remuneration for acting in his or her capacity as a member of the board of directors or any board committee, or as a part-time chair or vice-chair of the board or any board committee; or
 - (b) is an affiliated entity of the issuer or any of its subsidiary entities,

is considered to have a material relationship with the issuer.

- (2) For the purposes of subsection (1), the indirect acceptance by an individual of any consulting, advisory or other compensatory fee includes acceptance of a fee by
 - (a) an individual's spouse, minor child or stepchild, or a child or stepchild who shares the individual's home; or
 - (b) an entity in which such individual is a partner, member, an officer such as a managing director occupying a comparable position or executive officer, or occupies a similar position (except limited partners, non-managing members and those occupying similar positions who, in each case, have no active role in providing services to the entity) and which provides accounting, consulting, legal, investment banking or financial advisory services to the issuer or any subsidiary entity of the issuer.
- (3) For the purposes of subsection (1), compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the issuer if the compensation is not contingent in any way on continued service.

SCHEDULE “C”

JUSHI HOLDINGS INC.

PROCEDURES FOR APPROVAL OF NON-AUDIT SERVICES

1. The Company’s external auditors shall be prohibited from performing for the Company the following categories of non-audit services:
 - (a) bookkeeping or other services related to the Company’s accounting records or financial statements;
 - (b) appraisal or valuation services, fairness opinion or contributions-in-kind reports;
 - (c) actuarial services;
 - (d) internal audit outsourcing services;
 - (e) management functions;
 - (f) human resources;
 - (g) broker or dealer, investment adviser or investment banking services;
 - (h) legal services; and
 - (i) any other service that the Canadian Public Accountability Board or International Accounting Standards Board or other analogous board which may govern the Company’s accounting standards, from time to time determines is impermissible.
2. In the event that the Company wishes to retain the services of the Company’s external auditors for tax compliance, tax advice or tax planning, the Chief Financial Officer of the Company shall consult with the Chair of the Committee, who shall have the authority, subject to confirmation that such services will not compromise the independence of the Company’s external auditors, to approve or disapprove on behalf of the Committee, such non-audit services. All other non-audit services shall be approved or disapproved by the Committee as a whole.
3. The Chief Financial Officer of the Company shall maintain a record of non-audit services approved by the Chair of the Committee or the Committee for each fiscal year and provide a report to the Committee no less frequently than on a quarterly basis.