Jushi

JUSHI HOLDINGS INC. AND SUBSIDIARIES

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED DECEMBER 31, 2021

(Expressed in United States Dollars)

MANAGEMENT’S DISCUSSION AND ANALYSIS

This Management’s Discussion and Analysis (“MD&A”) covers the consolidated financial statements of Jushi Holdings Inc. and its controlled subsidiaries as of December 31, 2021, and for the three months and year then ended (the “Financial Statements”). Unless the context indicates or requires otherwise, the terms “Jushi”, “the Company”, “we”, “us” and “our” refers to Jushi Holdings Inc. and its controlled entities. This MD&A should be read in conjunction with the audited annual consolidated financial statements and notes thereto for the years ended December 31, 2021 and December 31, 2020 (the “Annual Financial Statements”), which have been prepared by management and are in accordance with International Financial Reporting Standards (“IFRS”), and all amounts are expressed in United States (“U.S.”) dollars unless otherwise noted. The information contained in this report is current through May 2, 2022 unless otherwise indicated.

The Company’s certifying officers are responsible for ensuring that the Annual Financial Statements and MD&A do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made. The Company’s officers certify that the Financial Statements and MD&A fairly present, in all material respects, the financial condition, result of operations and cash flows, of the Company as the date hereof.

The Annual Financial Statements and this MD&A have been reviewed by the Company’s Audit Committee and were approved by the Company’s Board of Directors on May 2, 2022.

Additional information relating to the Company, including the Company’s Annual Information Forms (“AIF”), Final Short Form Base Shelf Prospectus dated December 2, 2021, Prospectus Supplement dated February 11, 2021, Prospectus Supplement dated January 5, 2021, Prospectus Supplement dated October 21, 2020, and Final Short Form Prospectus dated October 9, 2020, can be found on SEDAR at www.sedar.com.

Forward-Looking Statements

This document may contain “forward-looking statements” and “forward-looking information” within the meaning of applicable securities laws, including Canadian securities legislation and U.S. securities legislation (collectively, “forward-looking information”) which are based upon the Company’s current internal expectations, estimates, projections, assumptions and beliefs. All information, other than statements of historical facts, included in this document that address activities, events or developments that Jushi expect or anticipate will or may occur in the future constitutes forward-looking information. Forward-looking information is often identified by the words, “may”, “would”, “could”, “should”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “expect” or similar expressions and includes, among others, information regarding: future business strategy, competitive strengths, goals, expansion and growth of Jushi’s business, operations and plans, including new revenue streams, the completion of contemplated acquisitions by Jushi of additional assets, roll out of new operations, the implementation by Jushi of certain product lines, implementation of certain research and development, the application for additional licenses and the grant of licenses that will be or have been applied for, the expansion or construction of certain facilities, the expansion into additional U.S. and international markets, any potential future legalization of adult use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the U.S. and the states in which Jushi operates; expectations for other economic, business, regulatory and/or competitive factors related to Jushi or the cannabis industry generally; and other events or conditions that may occur in the future.

Readers are cautioned that forward-looking information and statements are not based on historical facts but instead are based on reasonable assumptions and estimates of management of Jushi at the time they were provided or made and involve known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Jushi, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements. Such factors include, among others: risks relating to the ability to complete the pipeline transactions; risks relating to U.S. regulatory landscape and

enforcement related to cannabis, including political risks; risks relating to anti-money laundering laws and regulation; other governmental and environmental regulation; public opinion and perception of the cannabis industry; risks related to the economy generally; risks relating to pandemics and forces of nature including but not limited to the 2019 novel coronavirus ("COVID-19"); risks related to contracts with third party service providers; risks related to the enforceability of contracts; the limited operating history of Jushi; Jushi's history of operating losses and negative operating cash flows; reliance on the expertise and judgment of senior management of Jushi; risks inherent in an agricultural business; risks related to co-investment with parties with different interests to Jushi; risks related to proprietary intellectual property and potential infringement by third parties; the concentrated Founder voting control of the Jushi and the unpredictability caused by the anticipated capital structure; risks relating to the Company's recent debt financing and other financing activities including leverage and issuing additional securities; risks relating to the management of growth; costs associated with Jushi being a publicly traded company; increasing competition in the industry; risks associated to cannabis products manufactured for human consumption including product recalls; reliance on key inputs, suppliers and skilled labor; reliance on manufacturers and contractors; risks of supply shortages or supply chain disruptions; cybersecurity risks; ability and constraints on marketing products; fraudulent activity by employees, contractors and consultants; tax and insurance related risks; risk of litigation; conflicts of interest; risks relating to certain remedies being limited and the difficulty of enforcement of judgments and effect service outside of Canada; risks related to executed or future acquisitions or dispositions, including potential future impairment of goodwill or intangibles acquired; sales by existing shareholders; the limited market for securities of the Company; risks related to the continued performance of existing operations in Pennsylvania, Illinois, Massachusetts, Nevada, Virginia, and California; risks related to the anticipated openings of additional dispensaries in 2022; the risks relating to the expansion and optimization of the grower-processor facilities in Pennsylvania and Massachusetts, the vertically integrated facility in Virginia, and the facilities in Nevada and Ohio; as well as limited research and data relating to cannabis; and risks related to the Company's critical accounting policies and estimates. Although Jushi 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. There can be no assurance that such forward-looking information and statements will prove to be accurate as actual results and future events could differ materially from those anticipated in such information and statements. Accordingly, readers should not place undue reliance on forward-looking information and statements. Forward-looking information and statements are provided and made as of the date of this MD&A and Jushi does not undertake any obligation to revise or update any forward-looking information or statements other than as required by applicable law.

Company Overview

Jushi 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 markets. The Company has targeted assets in highly populated, limited licensed medical markets on a trajectory toward adult-use legalization, including Pennsylvania and Ohio, markets that are in the process of transitioning to adult-use, namely Virginia, and limited license, fast-growing, large adult-use markets, such as Illinois, California, Nevada, and Massachusetts.

Jushi Holdings Inc. (formerly Tanzania Minerals Corp. and before that Hill Top Resources Corp.) was incorporated under British Columbia's Business Corporations Act ("BCBCA"). As of June 6, 2019, Tanzania Minerals Corp. was acquired by Jushi Inc through a reverse takeover transaction (the "RTO").

The Company's Subordinate Voting Shares are listed for trading on the Canadian Securities Exchange ("CSE") under the ticker symbol "JUSH" and on the U.S. Over the Counter Stock Market ("OTCQX") under the ticker symbol "JUSHF."

Key Markets Overview

Pennsylvania Operations:

The Company currently operates a total of eighteen medical dispensaries under the BEYOND/HELLO™ brand in Pennsylvania. The eighteen dispensaries are located in Ardmore, Bethlehem, Bristol, Colwyn, Easton, Hazleton, Irwin, Johnstown, Philadelphia (Center City, Northern Liberties, and University City), Reading, Pittsburgh, Pottsville, Scranton (Moosic Street and Westside), Stroudsburg, and West Chester, PA.

The Company also operates an 81,000 sq. ft. cannabis cultivation and processing facility in Scranton, Pennsylvania, through its subsidiary Pennsylvania Medical Solutions, LLC ("PAMS"). The PAMS facility is undergoing a significant expansion that is expected to be completed over two phases. The details relating to the expansion of PAMS can be found in the "Commitments and Contingencies" section of this MD&A. The PAMS facility enables wholesale distribution to the approximately 156 dispensaries currently operating, including the Company's eighteen operational BEYOND/HELLO™ dispensaries.

Jushi is focused on redesigning and optimizing the PAMS facility to ensure long term growth and market share expansion in the Pennsylvania market. In addition to the Company's current expansion of PAMS, the Company will continue to assess and develop further expansion opportunities to meet the needs of patients and wholesale market demand, now and in the future. It is expected that the operational improvements, including an expanded footprint, the introduction of new extraction technologies, increased facility automation and utilization, and improved yields will be implemented over the next nine months.

Illinois Operations:

The Company currently operates four adult-use BEYOND/HELLO™ dispensaries in Illinois: two in Sauget (one with co-located medical) and two in Bloomington-Normal (one with co-located medical).

In August 2021, the Company's partner, Northern Cardinal Ventures, LLC ("Northern Cardinal"), was awarded a conditional retail dispensary license in Illinois via the state's lottery process. Jushi is an operational and 49% equity partner in Northern Cardinal. Pending regulatory approvals, the dispensary will become the fifth BEYOND/HELLO™ dispensary in the state and is designated for the Peoria Bureau of Labor Statistics region in Illinois.

Virginia Operations:

Jushi owns the issued and outstanding equity interests in Dalitso LLC ("Dalitso"), a Virginia-based pharmaceutical processor for medical cannabis extracts. Dalitso is one of only five applicants to have received conditional approval for a pharmaceutical processor permit issued by the Virginia Board of Pharmacy, and one of only four to have received final approval and permit issuance in this market.

Dalitso operates a cultivation, manufacturing, retail facility in Prince William County near the City of Manassas and commenced dispensing medical cannabis to registered patients in Virginia on December 1, 2020. In September 2021, the Company launched a series of branded cannabis products in the Commonwealth, including its concentrates brand, The Lab, its chewables brand, Tasteology, its premium and value flower brands, The Bank and Sèchè, and its medicinal THC and CBD-rich brand, Nira +.

In the fourth quarter of 2021, Jushi opened its second medical dispensary in Sterling, VA. The store features 17 point-of-sale systems, 70 onsite parking spots, and a separate delivery service area. Additionally, the store is seven miles from Dulles International Airport, and 30 miles from Washington D.C. The Company also anticipates adding up to four additional BEYOND/HELLO™ branded medical dispensaries in Virginia.

The designated area for Jushi to operate is Health Service Area II, in Northern Virginia. According to the U.S. Census Bureau, Health Service Area II has a population of approximately 2.5 million people, or nearly 30% of the state population. This area includes two of Virginia's most densely populated and highest-income counties, Fairfax and Prince William County.

Massachusetts Operations:

In September 2021, Jushi closed its previously announced acquisition of its subsidiary, Jushi MA, Inc. d/b/a 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 operates two retail dispensaries in Millbury, MA and Tyngsborough, MA, and a 50,000 sq. ft. cultivation and production facility in Lakeville, MA with approximately 33,000 sq. ft. of high-quality indoor flower canopy and state-of-the-art extraction and manufacturing capabilities. The Company's entrance into Massachusetts marks the seventh state where it operates cannabis assets and the third state where it is vertically integrated. The Company expects to increase Nature's Remedy's wholesale revenue beginning in 2022 by ramping up its wholesale production.

Subsequent to the fourth quarter, the Company announced a series of branded cannabis products being launched in the Commonwealth of Massachusetts, beginning with the debut of its flower brands, The Bank and Sèchè. The Company is also expected to launch its vaporizable cartridges and jarred concentrates line, The Lab, its edibles line, Tasteology, and its high-quality THC and CBD-rich medical line, Nira+ in the second quarter of 2022, pending regulatory approval. Jushi's brands will be available for purchase at Nature's Remedy dispensaries in Tyngsborough and Millbury, Massachusetts as well as to the more than 190 partner dispensaries across the Commonwealth.

California Operations:

The Company operates two licensed dispensaries in Santa Barbara and Palm Springs, California, and has plans to open two additional dispensaries in Grover Beach and Culver City, California.

In April 2021, the Company closed on its previously announced acquisition of 100% of the equity of Organic Solutions of the Desert ("OSD"), an operating dispensary located in Palm Springs, California. OSD is well positioned across the street from Palm Springs International Airport and has ample dedicated parking spots. The Company is in the process of renovating the dispensary, which is expected to be completed in Q2 2022. At completion, the dispensary will feature the Company's new California design concept, including enhanced product engagement, value add-ons at check-out, and mobile point-of-sale and check-in units.

In March 2021, the Company acquired 78% of the equity of a retail license holder in Grover Beach, California, with the rights to acquire the remaining equity in the future. The city of Grover Beach is a limited license jurisdiction where a maximum of four retail licenses are permitted. Upon completion of the build-out of the new BEYOND/HELLO™ in Q2 2022, this location is the fourth and final retail dispensary permitted in Grover Beach.

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 Company also received approval to move forward in the merit-based application process as one of three selected applicants for a storefront retail (and ancillary delivery) permit in Culver City. The Company expects to open the dispensary in Q4 2022.

In July 2020, Jushi acquired GSG SBCA, Inc., a licensed Santa Barbara dispensary. The dispensary was opened in October 2020. The city of Santa Barbara is a limited license market and currently allows for only three dispensaries to operate in the jurisdiction.

Nevada Operations:

The Company, through its subsidiary, Franklin Bioscience NV, LLC ("FBS Nevada"), currently operates cultivation, production and distribution facilities in North Las Vegas, Nevada. The Company currently partners with third-party extractors to sell Jushi branded products in the Nevada wholesale market.

In April 2021, the Company 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, which was entered into in July 2019, was terminated.

Subsequent to the fourth quarter, the Company closed on the previously announced transaction to acquire 100% of the equity interest of an entity operating an adult-use and medical retail dispensary in Las Vegas, Nevada. The retail dispensary acquisition, together with the purchase of FBS Nevada, enables Jushi to provide significant branding exposure for Jushi's high-quality product lines, including The Bank, The Lab, Tasteology and Sèchè. This is the Company's fourth vertically integrated state-level operation.

Additionally, subsequent to the first quarter of 2022, the Company closed on the previously announced transaction to acquire NuLeaf, Inc. together with its subsidiaries and related companies (collectively, "NuLeaf"), a Nevada-based vertically integrated operator. NuLeaf operates two high-performing adult-use and medical retail dispensaries in Las Vegas, NV and Lake Tahoe, NV, in addition to a 27,000 sq. ft. cultivation facility in Sparks, NV, as well as a 13,000 sq. ft. processing facility in Reno, NV. Additionally, NuLeaf owns a third licensed retail dispensary located directly on Las Vegas Boulevard, expected to become operational in the second quarter of 2022, subject to regulatory approval and other conditions. This expanded the Company's permitted licensed retail footprint to 39 locations nationwide.

Ohio Operations:

In August 2021, Jushi closed on the acquisition of Franklin Bioscience OH, LLC, ("FBS – OH"), a licensed medical cannabis processor in Ohio. FBS – OH operates an 8,000 sq. ft., state-of-the-art processing facility in Columbus, Ohio. The Company also launched a series of brands and products in the State of Ohio, beginning with the debut of its brand, Sèchè, the Company's fine flower line, followed by Tasteology, the Company's gummies and tarts, and the Lab, the Company's vape cartridges.

In July 2021, Jushi closed on the acquisition of OhiGrow, LLC, one of 36 licensed cultivators in Ohio, and Ohio Green Grow LLC (collectively, "OhiGrow"), inclusive of an approximately 10,000 sq. ft. facility and 1.35 acres of land. The Company planted its first cannabis plants in August, and expects to bring additional Sèchè flower product lines, along with The Bank, to Ohio medical cannabis patients in the first quarter of 2022.

Subsequent to the fourth quarter, Campbell Hill Ventures, LLC ("Campbell Hill Ventures"), the Company's 100% owned subsidiary, was selected for a provisional medical marijuana dispensary license (the "License") by the Ohio Medical Marijuana Control Program. The License is designated for Clermont County in the Tri-State Cincinnati area. The Company is awaiting certification as well as issuance of licenses by The Ohio Board of Pharmacy. Pending regulatory approvals, the new store will operate under Jushi's retail brand, BEYOND/HELLO™, and marks the Company's first retail location in Ohio.

Operational and Regulation Overview

Jushi takes all actions necessary to ensure that its operations are in full compliance with all applicable state and local laws, rules, regulations, and licensing requirements in the states that it operates. Currently, cannabis other than hemp is illegal under U.S. Federal law due to its classification as a Schedule 1 substance. For a regulatory overview of the states in which we operate or currently plan to operate in. Please review the Company's Annual Information Form which will be filed under the Company's profile on SEDAR.

Recent Developments

CEO, Chairman and Founder Transfers Securities

On April 12, 2022, Chief Executive Officer, Chairman, and Founder, Jim Cacioppo, transferred 2,660,554 subordinate voting shares of Jushi Holdings Inc. to Jennifer Cacioppo pursuant to a recently finalized marital settlement agreement (the "Transfer"). Following the completion of the Transfer, Mr. Cacioppo, together with One East Capital Advisors LP, OEP Opportunities, LP, One East Partners, LP and ST2 LLC (each of which are entities controlled by Jim Cacioppo), hold 11,818,465 subordinate voting shares, options to acquire 5,385,000 subordinate voting shares and 20,273,335 warrants to acquire subordinate voting shares.

Completed Acquisition of Vertically Integrated Operator in Nevada

On April 6, 2022, the Company closed on the previously announced agreement to acquire NuLeaf, Inc. together with its subsidiaries and affiliated companies (collectively, "NuLeaf"), a Nevada-based vertically integrated operator, for $53.6 million. NuLeaf operates two high-performing adult-use and medical retail dispensaries in Las Vegas and Lake Tahoe, in addition to a 27,000 sq. ft. cultivation facility in Sparks, and a 13,000 sq. ft. processing facility in Reno. NuLeaf also owns a third licensed retail dispensary located directly on Las Vegas Boulevard, expected to become operational in Q2 2022 subject to regulatory approval and other conditions.

Completed Acquisition of Las Vegas, Nevada Dispensary

On March 17, 2022, the Company closed on the previously announced agreement to acquire 100% of the equity interest of an entity operating an adult-use and medical retail dispensary in Las Vegas, Nevada. This is the Company's fourth vertically integrated state-level operation.

Announced a Series of Cannabis Brands and Product Launches in Massachusetts

On February 22, 2022, the Company announced a series of launches of branded cannabis products in the Commonwealth of Massachusetts, beginning with the debut of its flower brands, The Bank and Sèchè. The Company is also expected to launch its vaporizable cartridges & jarred concentrates line, The Lab, its edibles line, Tasteology, and its high-quality THC and CBD-rich medical line, Nira+ in the second quarter of 2022, pending regulatory approval. Jushi's brands will be available for purchase at its subsidiary, Jushi MA, Inc. d/b/a Nature's Remedy of Massachusetts, ("Nature's Remedy") in Tyngsborough and Millbury, Massachusetts, and intends to roll out the brands and products to the more than 190 partner dispensaries across the Commonwealth.

Selected for Provisional Medical Marijuana Dispensary License in Ohio

On January 27, 2022, the Company was selected through Campbell Hill Ventures, the Company's 100% owned subsidiary, a provisional medical marijuana dispensary license by the Ohio Medical Marijuana Control Program in Clermont County, located in the Cincinnati Tri-State area. The Company is awaiting certification as well as issuance of licenses by The Ohio Board of Pharmacy. Pending regulatory approvals, the new store will operate under Jushi's retail brand, BEYOND/HELLO™, and marks the Company's first retail location in Ohio and is expected to open in 2023. This will be the Company's fifth vertically integrated state, accompanying Pennsylvania (by way of its affiliated subsidiaries), Virginia, Massachusetts, and Nevada.

Closed an Approximate $13.7 million Non-brokered Private Placement

On January 26, 2022, the Company announced it closed a non-brokered private placement offering of an aggregate of 2,717,392 subordinate voting shares at a price of $3.68 per share for gross proceeds of approximately $10 million. On February 1, 2022, the Company announced that it had closed an additional aggregate of 1,000,000 subordinate voting shares at a price of $3.68 per share for gross proceeds of approximately $3.7 million in the non-brokered private placement offering (the "Offering") for total gross proceeds of approximately $13.7 million. The proceeds of the Offering will be used for potential strategic acquisitions and general corporate purposes.

Share Purchase by Chief Executive Officer, Chairman, and Founder

On January 10, 2022, the Company announced that Chief Executive Officer, Chairman, and Founder, Jim Cacioppo, purchased 66,800 Class B Subordinate Voting Shares ("Shares") of the Company in the open market for an approximate amount of two hundred and twenty thousand dollars.

Jushi Europe

On February 16, 2022, Jushi Europe filed a notice of over-indebtedness with the Swiss courts. As a result of the impending proceedings, the Company determined that the assets of Jushi Europe were impaired and recognized an impairment loss of $4.6 million for the year ended December 31, 2021, which is included in operating expenses in the consolidated statements of operation and comprehensive income (loss) in the Annual Financial Statements.

Funds

Jushi has successfully raised approximately $446 million to date (which includes equity offerings, senior notes, a senior secured credit facility and warrant/option exercises as well as $9.6 million of debt assumed in the acquisition of TGS Illinois Holdings LLC in 2020), of which approximately $47 million was invested by management and insiders. The Company is currently closing acquisitions and investments in cannabis assets in the U.S.

On January 26, 2022, the Company announced it closed a non-brokered private placement offering of an aggregate of 2,717,392 subordinate voting shares at a price of $3.68 per share for gross proceeds of $10 million. On February 1, 2022, the Company announced that it had closed an additional aggregate of 1,000,000 subordinate voting shares at a price of $3.68 per share for gross proceeds of $3,680,000 in the non-brokered private placement offering (the "Offering").

On October 20, 2021, the Company entered into definitive documentation in respect of a US$100 million Senior Secured Credit Facility (the "Acquisition Facility") with Roxbury, LP acting as agent to SunStream Bancorp Inc. ("Sunstream"), a joint venture sponsored by Sundial Growers Inc. Jushi has drawn down US$40.0 million from the Acquisition Facility to fund the cash portion of the completed acquisition of Nature's Remedy, and has plans to drawdown an additional $25 million to fund the cash portions of the NuLeaf and Apothecarium Nevada acquisitions in the second quarter of 2022. Additionally, the Company will consider borrowing future amounts under the Acquisition Facility for potential strategic expansion opportunities in both its core and developing markets. After being drawn, loans issued under the Acquisition Facility will bear an interest rate of 9.5% per annum, payable quarterly, and will mature five years from the closing date. The Company will be able to make additional draws under the facility for an 18-month period, and will have a two-year interest-only period before partial amortization begins on a quarterly basis. The Company also may increase the total commitment of the Acquisition Facility by an aggregate amount of up to $25 million, subject to certain conditions. The Acquisition Facility is secured by a first lien over certain Company assets and on a pari passu basis with current senior indebtedness on existing assets that are collateralized under the Company's current senior debt.

The Company will continue to opportunistically deploy capital to further enhance and complement its organic growth. Jushi anticipates incurring certain costs in connection with pursuing its objectives and will consider future sources of capital as necessary to capitalize on promising opportunities. Jushi may contemplate additional equity financing, debt or other financing to fund further acquisitions, expansions, investments in new markets, as well as future debt maturities.

On December 2, 2021, the Company filed a final short form base shelf prospectus (the "Final Shelf Prospectus") with the Securities Commissions in each of the provinces of Canada (except Quebec). The Final Shelf Prospectus, allows the Company to offer up to C$500 million subscription receipts, debt securities, convertible securities, warrants, subordinate voting shares, and units, or any combination thereof, from time to time during the 25-month period that the Final Shelf Prospectus is effective. The Final Shelf Prospectus replaced the Company's existing short form base shelf prospectus, which was filed on October 9, 2020 with certain Canadian securities regulatory authorities. The Company filed the Final Shelf Prospectus in order to maintain financial flexibility, including for responding to significant regulatory improvements and pursuing opportunistic acquisitions.

On January 7, 2021, the Company closed on an overnight marketed offering for an aggregate of 6,210,000 subordinate voting shares at a price of C$6.50 per share for total gross proceeds of C$40.4 million, and total net proceeds of C$37.8 million ($29.8 million). On February 12, 2021, the Company closed on an overnight marketed offering for an aggregate 7,475,000 subordinate voting shares at a price of C$10.00 per share for total gross proceeds of C$74.8 million and total net proceeds of C$70.9 million ($55.9 million). These offerings included the full exercise of the over-allotment option granted to the underwriters. The Company used the net proceeds of the offerings for potential strategic transactions and business expansion opportunities as well as for general corporate purposes and working capital.

Refer to *Recent Equity Offerings and Use of Proceeds* below for additional details.

The Company expects that its cash on hand and cash flows from operations, will be adequate to meet its capital requirements and operational needs for the next twelve months. Any additional future requirements will be funded through the following sources of capital: i) cash from ongoing operations; ii) market offering – the Company has the ability to offer equity in the market for significant potential proceeds to a large investor base, as evidenced by over-subscriptions on previous recent offerings; iii) debt – the Company may seek to obtain additional debt from additional or existing debtors; iv) sale leaseback – the Company has the ability to sell and lease back its capital properties; v) exercise of warrants and options – the Company may obtain funds from exercise of securities that are in the money.

During the period from January 1, 2021 to December 31, 2021, in connection with warrants exercised, the Company issued a total of 8,667,173 SVS and received approximately $16.9 million in total proceeds.

Recent Equity Offerings and Use of Proceeds

The use of proceeds from the Company's recent offerings of Subordinate Voting Shares are as follows:

Date of Offering	Details of Offering	Gross Proceeds (USD$ in millions)	Net Proceeds * (USD$ in millions)	Proposed Use of Net Proceeds	Description of Expenditure	Approximate Use of Net Proceeds (Excluding General Corporate Purposes) (USD$ in millions)	Difference/ Remaining To Be Spent** (USD$ in millions)	Note
October 2020	11,500,000 subordinate voting shares at a price of C$3.55 per share for total gross proceeds of approximately C$40,825 thousand	$31.1	$29.4	For opportunistic acquisitions and for general corporate purposes, including working capital or business development	Opportunistic acquisitions and purchases	$11.5	$(0.1)	(1)
					Other capex and expansion	$7.7		(2)
					Repayment of acquisition related promissory notes	$10.3		(3)
					Total	$29.5		**
January 2021	6,210,000 subordinate voting shares at a price of C$6.50 per share for total gross proceeds of C$40,365 thousand	$31.8	$29.8	One third of the net proceeds to redeem 10% Senior Notes	10% Senior Notes redemption	$4.9	$6.6	(4)
				General corporate purposes, including working capital or business development	Cash capex and expansion	$16.7		(5)
					Repayment of acquisition related promissory notes	$1.6		(6)
					Total	$23.2		**
February 2021	7,475,000 subordinate voting shares at a price of C$10.00 per share for total gross proceeds of C$74,750 thousand	$58.9	$55.9	For potential strategic transactions	Other strategic transactions	$28.9	$9.0	(7)(9)
				One third of the net proceeds to redeem 10% Senior Notes	10% Senior Notes redemption	$3.2		(4)
				General corporate purposes, including working capital or business development	Other capex and expansion	$14.8		(8)
					Total	$46.9		**
					Q4 capex and expansion	$18.0	$(18.0)	
	Total	$121.8	$115.1			$117.6	$(2.5)	**

* Net proceeds are net of broker, underwriter and legal fees. Does not include other expenses associated with each offering.

** Any variances in use of proceeds to date did not have any impact on the Company's ability to achieve its business objectives and milestones. Use of proceeds does not include cash used in other corporate and general operating activities. Use of proceeds does not include funds for acquisitions subsequent to the third quarter of 2021 and potential future strategic transactions, including acquisitions such as $40.0 million paid for Nature's Remedy in September 2021 as well as future draw downs for the NuLeaf and Apothecarium acquisitions. Refer to *Secures US$100 Million Acquisition Facility from Roxbury, LP as Agent to SunStream Bancorp Inc.* in *Recent Developments*.

(1) Includes the following: (i) $5.7 million for the Pennsylvania Dispensary Solutions, LLC., a wholly-owned subsidiary of Jushi Inc. ("PADS") acquisition during the fourth quarter of 2020; (ii) $0.4 million for the buyout of the non-controlling interests of Dalitso in the fourth quarter of 2020; (iii) $3.6 million for the March 2021 acquisition of 78% of the equity of a retail license holder located in Grover Beach, California; and (iv) the acquisition of three properties in Scranton, Pennsylvania during the first quarter of 2021 for $1.9 million.

(2) Includes cash-based capital expenditures for property, plant and equipment ("PP&E") during the fourth quarter of 2020, excluding deposits paid for PPE.

(3) Early repayment of acquisition related seller notes during the fourth quarter of 2020: (i) Seller notes from the 2019 acquisition of Dalitso of $3.8 million repaid in connection with fourth quarter 2020 acquisitions of the non-controlling interests; (ii) Seller notes from the 2019 acquisition of Franklin BioScience – Penn, LLC and its subsidiaries of $5.0 million repaid early; and (iii) Seller notes for the acquisition of a provisionally licensed medical marijuana processor in Ohio of $1.5 million.

(4) Redemptions made pursuant to the terms of the 10% senior notes. Certain note holders waived their rights to the redemptions in January and February 2021.

(5) Includes purchases during the first quarter of 2021 for: (i) a real estate property in Beja, Portugal for $0.5 million; and (ii) a real estate property in Hazelton, Pennsylvania for $0.5 million; and (iii) other cash-based capital expenditures of $16.7 million for purchases and deposits for PPE during the first half of 2021, excluding the Scranton properties noted in (1) above and the Virginia facility noted in (7) below. Does not include cash capital expenditures subsequent to June 30, 2021.

(6) Includes repayment of the following acquisition-related seller notes: (i) $1.5 million in April 2021 related to the 2019 acquisition of FBS Nevada; and (ii) $0.1 million in September 2021 related to the 2019 acquisition of Dalitso.

(7) Includes: (i) approximately $22.0 million in May 2021 for acquisition of the 93,000 square foot facility in Prince William County, Virginia operated by a wholly-owned subsidiary of the Company, and properties adjacent to the facility; and (ii) $ $1.9 million in May 2021 for the acquisition of OSD; and (iii) $5.0 million for the acquisition of OhiGrow in July 2021.

(8) Includes capital expenditures for the quarter ended September 30, 2021. Does not include cash capital expenditures subsequent to September 30, 2021.

Refer to *Liquidity and Capital Resources* within this MD&A for a discussion of the *Sources and Uses* of cash by the Company for the year ended December 31, 2021.

We incurred operating losses and negative operating cash flow for the year ended December 31, 2020. We expect to use the net proceeds from the sale of securities in pursuit of our ongoing general business objectives. To that end, a substantial portion of the net proceeds from the sale of securities are expected to be allocated to working capital requirements and to the continuing development and marketing of our proprietary brands and core products. To the extent that we have negative operating cash flows in future periods, we may need to deploy a portion of the net proceeds from the sale of Securities and/or existing working capital to fund such negative cash flow. See "*Risk Factors*".

Business 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 (e.g., Pennsylvania), or markets in the process of transitioning to adult-use (e.g., 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, Massachusetts and Nevada. Lastly, in limited license adult-use cannabis markets that are expanding, Jushi may allocate significant capital to acquire a vertically integrated operator. By establishing a strong platform and retail-brand recognition in markets that have the greatest growth potential, Jushi expects to be well-positioned for future growth in adult-use cannabis once it is further legalized.

Growth Strategy

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 it is expected that such financial capacity 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 across the supply chain, and applying for de novo licenses.

Expanding its presence in current markets. The Company currently operates 31 dispensaries in limited license markets where state or jurisdictional-level 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 by opening four additional medical dispensaries in Virginia, opening two additional adult-use stores in California, and opening one additional retail dispensary in Las Vegas, Nevada, which will bring its operating store count from 31 to approximately 38 by the end of 2022. In Virginia, these four medical dispensaries will be in addition to Dalitso's Sterling dispensary and Manassas dispensary, co-located within the pharmaceutical processor facility near the City of Manassas, which allows 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 Dalitso's pharmaceutical processor facility and surrounding land for approximately $22 million. In Pennsylvania, the Company acquired 100% of the equity of a grower-processor facility in Scranton, Pennsylvania (the "Pennsylvania Facility"). The Company plans to expand the square footage of the Pennsylvania facility from approximately 81,000 sq. ft. to approximately 123,000 sq. ft., and has the option to expand the facility to over 250,000 sq. ft. in a phased build-out. 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 acquired OhiGrow, one of 36 licensed cultivators in Ohio and FBS-OH, a licensed medical cannabis processor in Ohio. OhiGrow and FBS-OH represent attractive opportunities for Jushi to solidify its presence and supply chain in Ohio. The Ohio cultivation and processing facilities 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. Jushi is pursuing acquisition opportunities to become vertically integrated in Illinois, 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. In Massachusetts, the Company closed on its previously announced acquisition of a vertically-integrated single state operator, which currently operates two dispensaries as well as a cultivation and production facility. The Company has the ability to acquire one additional adult-use store in Massachusetts. Additionally, in Nevada, the Company recently completed two previously announced acquisitions in the state. The Company acquired a vertically integrated state operator with three retail dispensaries, a cultivation facility and a product manufacturing facility. In Las Vegas, the Company completed the acquisition to acquire 100% of the equity interest of an entity operating an adult-use and medical retail dispensary.

Applying for de novo licenses. Jushi 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, county, and/or state cannabis licenses in California, Illinois, Ohio, Florida, and New Jersey. In Illinois, the Company's partner, Northern Cardinal Ventures, LLC was awarded a conditional retail dispensary license. Jushi is an operational and 49% equity partner in Northern Cardinal. Pending regulatory approvals, the new dispensary, which is expected to be open in 2023, will operate under Jushi's retail brand, BEYOND/HELLO™, and would be the fifth BEYOND/HELLO™ location in Illinois. In Ohio, Campbell Hill Ventures, Jushi's 100% owned subsidiary, was selected to receive a provisional medical marijuana dispensary license in Clermont County, located in the Tri-State Cincinnati area. The Company is awaiting certification as well as issuance of licenses by The Ohio Board of Pharmacy. Pending regulatory approvals, the new dispensary will operate under Jushi's retail brand, BEYOND/HELLO™ and marks the Company's first retail location in the state.

Expanding its offering of branded product lines. The Company debuted and distributes 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 premium pre-packaged flower and infused blunts. The Company also introduced the following new products: Tasteology for cannabis-infused edibles, Nira + Medicinals for THC and CBD-rich medical products, and Sèchè for fine flower and pre-rolls to address a wide variety of consumer needs.

Selected Financial Information

The following table sets forth certain annual information for each of the three most recently completed financial years that was derived from our audited consolidated financial statements and the respective accompanying notes prepared in accordance with IFRS: *(Amounts expressed in thousands of U.S. dollars, except per share amounts)*

	Year Ended December 31,		
	2021	2020	2019
Revenue, net	$ 209,292	$ 80,772	$ 10,229
Net income (loss)	$ 21,364	$ (211,866)	$ (30,771)
Net income (loss) attributable to Jushi shareholders	$ 24,136	$ (209,958)	$ (30,611)
Net income (loss) per share attributable to Jushi shareholders - basic	$ 0.15	$ (2.11)	$ (0.37)
Net (loss) per share attributable to Jushi shareholders - diluted	$ (0.41)	$ (2.11)	$ (0.37)

	As of December 31,		
	2021	2020	2019
Assets:			
Cash and cash equivalents	$ 94,962	$ 85,857	$ 38,936
Investments in securities and short-term note receivable	$ —	$ 7,934	$ 17,913
Total assets	$ 677,915	$ 359,279	$ 210,060
Liabilities:			
Long-term liabilities	$ 372,973	$ 320,775	$ 52,116
Total liabilities	$ 494,820	$ 357,529	$ 86,035

Summary of Quarterly Results

The following table sets forth selected quarterly financial information for the periods indicated: *(Amounts expressed in thousands of U.S. dollars, except per share amounts)*

	Quarter Ended							
	December 31, 2021	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
				(unaudited)				
Revenue, net	$ 65,892	$ 53,981	$ 47,744	$ 41,675	$ 32,294	$ 24,913	$ 14,932	$ 8,633
Net income (loss)	$ 5,170	$ 38,234	$ 4,760	$ (26,801)	$ (156,662)	$ (29,999)	$ (9,308)	$ (15,898)
Net income (loss) attributable to Jushi shareholders	$ 7,515 (1)	$ 38,296	$ 4,950	$ (26,626)	$ (156,036)	$ (29,426)	$ (8,879)	$ (15,617)
Net income (loss) per share attributable to Jushi shareholders - basic	$ 0.04	$ 0.23	$ 0.03	$ (0.18)	$ (1.35)	$ (0.31)	$ (0.10)	$ (0.17)
Weighted average number of shares outstanding - basic	183,596,959	169,542,990	155,093,805	149,933,639	115,362,054	93,572,969	92,264,221	93,317,981
Net (loss) per share attributable to Jushi shareholders - diluted	$ (0.15)	$ (0.08)	$ (0.09)	$ (0.18)	$ (1.35)	$ (0.31)	$ (0.10)	$ (0.17)
Weighted average number of shares outstanding - diluted	211,080,169	200,022,949	188,122,697	149,933,639	115,362,054	93,572,969	92,264,221	93,317,981

(1) Net income (loss) for the quarters includes gains (losses) as a result of fluctuations in the fair value of the Company's derivative liabilities, primarily due to the changes in the fair value of the Company's Subordinate Voting Shares:

	Quarter Ended							
	December 31, 2021	**September 30, 2021**	**June 30, 2021**	**March 31, 2021**	**December 31, 2020**	**September 30, 2020**	**June 30, 2020**	**March 31, 2020**
	(unaudited)							
Fair value changes in derivatives	$38,370	$55,059	$21,099	$(9,358)	$(135,659)	$(36,888)	$(3,748)	$2,587

The Company's results are impacted by the Company's acquisitions. Refer to Note 7 - Acquisitions in the 2021 Financial Statements for additional information.

The selected consolidated financial information and quarterly information above may not be indicative of the Company's future performance.

Results of Operations *(Amounts expressed in thousands of U.S. dollars, except share and per share amounts)*

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
	(unaudited)	*(unaudited)*		
REVENUE, NET	$ 65,892	$ 32,294	$ 209,292	$ 80,772
COST OF GOODS SOLD	(46,181)	(17,616)	(125,905)	(43,546)
GROSS PROFIT BEFORE FAIR VALUE CHANGES	$ 19,711	$ 14,678	$ 83,387	$ 37,226
Realized fair value changes included in inventory sold	(2,892)	(13)	(10,575)	(934)
Unrealized fair value changes included in biological assets	4,059	4,523	14,559	6,776
GROSS PROFIT	$ 20,878	$ 19,188	$ 87,371	$ 43,068
OPERATING EXPENSES	$ 45,413	$ 17,532	$ 117,099	$ 52,300
(LOSS) INCOME FROM OPERATIONS BEFORE OTHER INCOME (EXPENSE)	$ (24,535)	$ 1,656	$ (29,728)	$ (9,232)
OTHER INCOME (EXPENSE)				
Interest expense, net	$ (10,369)	$ (5,908)	$ (30,956)	$ (18,902)
Fair value gains (losses) in derivatives	38,370	(135,659)	105,170	(173,707)
Other, net	11,355	(10,563)	7,967	376
Total other income (expense), net	$ 39,356	$ (152,130)	$ 82,181	$ (192,233)
INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) BEFORE INCOME TAXES	$ 14,821	$ (150,474)	$ 52,453	$ (201,465)
Current income tax expense	(14,482)	(5,897)	(34,759)	(14,439)
Deferred income tax benefit (expense)	4,831	(291)	3,670	4,038
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	$ 5,170	$ (156,662)	$ 21,364	$ (211,866)
Net loss attributable to non-controlling interests	(2,345)	(626)	(2,772)	(1,908)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO JUSHI SHAREHOLDERS	$ 7,515	$ (156,036)	$ 24,136	$ (209,958)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) PER SHARE ATTRIBUTABLE TO JUSHI SHAREHOLDERS - BASIC	$ 0.04	$ (1.35)	$ 0.15	$ (2.11)
Weighted average shares outstanding - basic	183,596,959	115,362,054	166,081,141	99,560,553
NET LOSS AND COMPREHENSIVE LOSS PER SHARE ATTRIBUTABLE TO JUSHI SHAREHOLDERS - DILUTED	$ (0.15)	$ (1.35)	$ (0.41)	$ (2.11)
Weighted average shares outstanding - diluted	211,080,169	115,362,054	197,814,227	99,560,553

Three Months Ended December 31, 2021

Revenue, Net

Revenue, net for the three months ended December 31, 2021 totaled $65,892, as compared to $32,294 for the three months ended December 31, 2020, an increase of $33,598 or 104%. The Company's revenue is derived primarily from retail and wholesale operations in both medical and adult-use markets.

Segments

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

The following table presents revenue by reportable segment for the periods indicated:

	Three Months Ended December 31, 2021			Three Months Ended December 31, 2020		
	Gross revenue	Intercompany revenue	Revenue to external customers	Gross revenue	Intercompany revenue	Revenue to external customers
Retail cannabis	$ 59,915	$ —	$ 59,915	$ 30,153	$ —	$ 30,153
Wholesale cannabis	13,427	(7,554)	5,873	3,373	(1,369)	2,004
Other	104	—	104	137	—	137
Eliminations	(7,554)	7,554	—	(1,369)	1,369	—
Consolidated revenue	$ 65,892	$ —	$ 65,892	$ 32,294	$ —	$ 32,294

Revenue for the Company's Retail segment was $59,915 for the three months ended December 31, 2021, compared to $30,153 for the three months ended December 31, 2020, an increase of $29,762, or 99%. The increase in Retail revenue is due primarily to the Company's acquisitions and expansion of cannabis operations from acquisitions, along with continued growth. Retail revenue for the three months ended December 31, 2021 was derived from twenty eight dispensaries, located in Pennsylvania (eighteen), Illinois (four), Massachusetts (two), California (two), and Virginia (two), whereas, in the prior year, Retail revenue was derived from fifteen cannabis dispensaries in Pennsylvania (ten), Illinois (three), California (one), and Virginia (one).

Revenue for the Company's Wholesale segment was $13,427 for the three months ended December 31, 2021, compared to $3,373 for the three months ended December 31, 2020, an increase of $10,054, or 298%. The increase in Wholesale revenue is primarily attributable to increases in cultivation and manufacturing activity at our grower processor facilities: (i) in Pennsylvania due to continued increased operations in PAMS; (ii) in Massachusetts due to Nature's Remedy, which was acquired in the third quarter of 2021; and (iii) in Virginia due to the commencement of operations at the Dalitso facility in the third quarter of 2021. Wholesale revenue includes inter-segment revenue which is eliminated in consolidation.

Cost of Goods Sold

Cost of goods sold, which excludes fair value changes included in inventory sold and unrealized fair value changes included in biological assets, totaled $46,181 for the three months ended December 31, 2021, as compared to $17,616 for the three months ended December 31, 2020, an increase of $28,565 or 162%. The increase in cost of goods sold is primarily attributable to the increase in revenues. Cost of goods sold is comprised of inventory expensed to cost of goods

sold including third-party product costs, production-related salaries, wages, labor and employee related expenses and production-related depreciation; other production costs; and inventory provision.

Gross Profit

Gross profit is calculated as revenue less: cost of goods sold; realized fair value changes included in inventory sold; and unrealized fair value changes included in biological assets. The primary factors that can impact gross profit include the mix and margins on products sold, changes in fair values of biological assets and changes in inventory reserves.

Gross profit totaled $20,878 for the three months ended December 31, 2021, as compared to $19,188 for three months ended December 31, 2020, an increase of $1,690 or 9%. As a percentage of revenue, gross profit for the three months ended December 31, 2021 and 2020, was 32% and 59%, respectively. Gross profit increased due to the increase in revenue, partially offset by: a net decrease in fair value changes on biological assets of $3,343, an increase in new location start-up costs of $3,754, and a one-time inventory reserve for certain vape products in Pennsylvania of $2,021. In addition to the impact of these items on gross margin, gross margin decreased due to price compression in our largest markets of Pennsylvania and Illinois and at the wholesale level due to increased promotional activity as we continue to build-out our brands across state markets. Start-up costs represent costs incurred to prepare a location for its intended use. The inventory recall reserve relates to the potential impact of the Pennsylvania Department of Health recall and ban of vape products containing certain cannabis concentrates.

The fair value adjustments on biological assets are the gains or losses arising from changes in fair value less costs to sell during the period and are included in the statements of operations and other comprehensive income (loss) of the related period. Realized fair value amounts from biological assets included in the cost of inventory sold are separately presented from cost of sales as fair value adjustment on sale of inventory in the statements of operations and other comprehensive income (loss) of the related period. Determination of the fair values of the biological assets requires the Company to make estimates and assumptions about how market participants assign fair values to the biological assets. These estimates and assumptions primarily relate to the level of effort required to bring the plants up to the point of harvest, sales price and expected remaining future yields for the plants.

Operating Expenses

Operating expenses are comprised of general, administrative and selling ("G&A"), which represent costs incurred at our corporate and administrative offices, primarily related to: compensation expenses; depreciation and amortization; professional fees and legal expenses; marketing, advertising and selling costs; facility-related expenses, including rent and security; insurance; and software and technology expenses.

G&A expenses were $45,413 for the three months ended December 31, 2021, as compared to $17,532 for three months ended December 31, 2020, an increase of $27,881 or 159%. The net increase in G&A is due to the increase in the size and scope of general and administrative functions of the Company to support expanded operations, as a result of growth and acquisitions. G&A expenses for the three months ended December 31, 2021 and 2020 include the following:

	Three Months Ended December 31,			
	2021	2020	Change	% Change
Salaries, wages, labor and employee related expenses	$ 20,587	$ 6,736	$ 13,851	206%
Stock-based compensation expense	5,425	3,488	1,937	56%
Depreciation and amortization expense	2,034	1,681	353	21%
Facility-related expenses	2,541	1,282	1,259	98%
Professional fees and legal expenses	2,239	1,202	1,037	86%
Marketing and selling	979	659	320	49%
Insurance	643	539	104	19%
Administration and application fees	362	469	(107)	(23)%
Software and technology	1,333	453	880	194%
Travel, entertainment and conferences	850	262	588	224%
Acquisition and deal costs	258	78	180	231%
Goodwill impairment	2,384	—	2,384	100%
Asset impairment charges	4,561	—	4,561	100%
Other G&A	1,217	683	534	78%
Total	$ 45,413	$ 17,532	$ 27,881	159%

The most significant increase in total G&A is due to the increase in salaries, wages, labor and employee-related expenses from the increase in the number of employees at our various locations to support our continued growth and resulting from recent acquisitions.

The increase in share-based compensation is primarily due to an increase in the number and grant date fair value of stock options granted during the three months December 31, 2021 to employees, senior key management and independent directors, and from continued vesting of awards.

The increases in facility-related expenses and depreciation and amortization expense were primarily due to the additions of property, plant and equipment and right-of-use lease assets from acquisitions and from the build out of locations.

The increase in professional fees and legal expenses is primarily due to our transition to reporting in accordance with the Accounting Principles Generally Accepted in the United States ("US GAAP") and costs associated with our registration with the Securities and Exchange Commission ("SEC"), which we expect to complete by the third quarter of 2022.

Goodwill impairment for the three months ended December 31, 2021 related to the write-off of goodwill associated with FBS Nevada upon completion of the Company's annual impairment assessment. The asset impairment charges relate to Jushi Europe, which has filed a notice of over-indebtedness with the Swiss courts. As a result of the impending bankruptcy of Jushi Europe, the Company determined that the assets of Jushi Europe were impaired and recognized an impairment loss of $4,561.

Other Income (Expense)

Interest Expense, Net

Interest expense, net was $10,369 for the three months ended December 31, 2021, as compared to $5,908 for the three months ended December 31, 2020, an increase of $4,461, or 76%. The increase in interest expense and finance charges is due primarily to an increase in interest-bearing borrowings including finance leases and acquisition-related financing.

Fair Value Changes in Derivatives

For the three months ended December 31, 2021, fair value changes in derivatives was a net gain of $38,370, compared to a net loss of $135,659 for the three months ended December 31, 2020. Fair value changes in derivatives includes: (i) the

fair value gains or losses relating to the derivative warrants liability; and (ii) fair value gains or losses relating to a mandatory prepayment option on the 10% senior notes ("Prepayment Option"), which is also classified as a derivative. The total net fair value gains on derivatives for the three months ended December 31, 2021 was $38,469, which was partially offset by a loss on the Prepayment Option of $99. The total net fair value losses on derivatives for the three months ended December 31, 2020 were comprised of: (i) fair value losses relating to the derivative warrants of $135,348; and (ii) fair value losses relating to the Prepayment Option of $750; partially offset by a gain on the PADS purchase option of $440.

The derivative warrants were issued in connection with the debt offerings announced in December 2019 and June 2020 and are required to be remeasured at fair value at each reporting period. The gains on derivative warrants for the three months ended December 31, 2021 were due to the decrease in the fair value of the derivative warrants liability as a result of a decrease in the Company's stock price during the period, whereas the losses on derivative warrants for the three months ended December 31, 2020 were due to the increase in the fair value of the derivative warrants liability as a result of an increase in the Company's stock price during the period.

Other, Net

For the three months ended December 31, 2021 and 2020, other, net was comprised of the following:

	Three Months Ended December 31,			
	2021	2020	Change	% Change
Net gains (reductions) on business combinations	$ 520	$ (11,043)	$ 11,563	(105)%
(Losses) gains on investments and financial assets	(1,022)	2,616	(3,638)	(139)%
Losses on debt modifications	—	(1,862)	1,862	(100)%
Net gains (losses) on legal settlements	11,736	(200)	11,936	(5968)%
Other	121	(74)	195	(264)%
Other, net	$ 11,355	$ (10,563)	$ 21,918	(207)%

Net Gains (Reductions) on Business Combinations

For the three months ended December 31, 2021, the gain on business combination related to an adjustment to the valuation of two Illinois dispensaries acquired in 2020, whereas for the three months ended December 31, 2020, the net reduction on business combinations was related to measurement period adjustments for the PAMS acquisition. The adjustments primarily related to the initial estimated fair value of the licenses acquired.

(Losses) Gains on Investments and Financial Assets

For the three months ended December 31, 2021, the net losses primarily resulted from the reversal of a gain on a contingent consideration receivable from the sale of a previous investment. For the three months ended December 31, 2020, the net gains were primarily related to an improvement in market conditions which led to an increase in the fair values of the Company's investments.

Losses on Debt Modifications

For the three months ended December 31, 2020, losses on debt modification resulted from the removal of a specific redemption term associated with certain senior notes as a result of the public listing of the senior notes.

Gains (Losses) on Legal Settlements

For the three months ended December 31, 2021, the net gain on legal settlement was primarily related to the settlement of the SFN litigation, Refer to Note 21 - Commitments and Contingencies in the December 31, 2021 Financial Statements for further information regarding the SFN litigation.

Income Tax Expense

Total income tax expense was $9,651 for the three months ended December 31, 2021, as compared to $6,188 for the three months ended December 31, 2020, an increase of $3,463, or 56%. The increase in tax expense was comprised of an increase in current tax expense of $8,585; partially offset by, an increase in deferred tax benefit of $5,122. The increase in current tax expense relates primarily to the increase in taxable gross profit generated from the Company's increased retail and wholesale sales; a significant portion of the increase in gross profit being attributable to the operations of newly acquired Nature's Remedy. The Company also realized additional taxable income in the fourth quarter of 2021 from a legal settlement related to the SFN litigation. The increase in the deferred tax benefit was primarily attributable to recent acquisitions.

Net Loss Attributable to Non-Controlling Interests

Net loss attributable to non-controlling interests was $2,345 for the three months ended December 31, 2021, as compared to $626 for the three months ended December 31, 2020, an increase of $1,719. Net loss attributable to non-controlling interests for the three months ended December 31, 2021 related to the non-controlling interest of Jushi Europe SA and for the three months ended December 31, 2020, related to the non-controlling interests of Dalitso, Jushi Europe SA, Agape and other non-material non-controlling interests.

Year Ended December 31, 2021

Revenue, Net

Revenue, net, for the year ended December 31, 2021 totaled $209,292, as compared to $80,772 for the year ended December 31, 2020, an increase of $128,520, or 159%. The Company's revenue is derived primarily from retail and wholesale operations in both medical and adult-use markets.

Segments

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

The following table presents revenue by reportable segment for the years indicated:

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

Revenue for the Company's Retail segment was $195,085 for the year ended December 31, 2021, compared to $75,499 for the year ended December 31, 2020, an increase of approximately $119,586, or 158%. The increase in Retail revenue is due primarily to the Company's acquisitions and expansion of cannabis operations from acquisitions, along with continued growth. Retail revenue for the year ended December 31, 2021 was derived from twenty eight cannabis dispensaries located in Pennsylvania (eighteen), Illinois (four), Massachusetts (two), California (two), and Virginia (two),

whereas, in the prior year, Retail revenue was derived from fifteen cannabis dispensaries located in Pennsylvania (ten), Illinois (three), California (one) and Virginia (one).

Revenue for the Company's Wholesale segment was $29,969 for the year ended December 31, 2021, compared to $6,639 for the year ended December 31, 2020, an increase of $23,330, or 351%. The increase in Wholesale revenue is primarily attributable to an increase in cultivation and manufacturing activity at our grower processor facilities;(i) in Pennsylvania due to PAMS which was acquired in the third quarter of 2020; (ii) in Massachusetts due to the Nature's Remedy which was acquired in the third quarter of 2021; and (iii) in Virginia due to the commencement of operations at the Dalitso facility in the third quarter of 2021. Wholesale revenue includes inter-segment revenue which is eliminated on consolidation.

Cost of Goods Sold

Cost of goods sold, which excludes realized fair value changes included in inventory sold and unrealized fair value changes included in biological assets, totaled $125,905 for the year ended December 31, 2021, as compared to $43,546 for the year ended December 31, 2020, an increase of $82,359, or 189%.

Gross Profit

Gross profit is calculated as revenue less: cost of goods sold; realized fair value changes included in inventory sold; and unrealized fair value changes included in biological assets. The primary factors that can impact gross profit include the mix and margins on products sold, changes in fair values of biological assets and changes inventory reserves.

Gross profit totaled $87,371 for the year ended December 31, 2021, as compared to $43,068 for year ended December 31, 2020, an increase of approximately $44,303, or 103%. As a percentage of revenue, gross profit for the years ended December 31, 2021 and 2020, was 42% and 53%, respectively.Gross profit increased due to the increase in revenue, partially offset by a net decrease in fair value changes on biological assets of $1,854, an increase in new location start-up costs of $4,795, a one-time inventory reserve for certain vape products in Pennsylvania of $2,021. In addition to these items, gross margin decreased due to price compression in our largest markets of Pennsylvania and Illinois and at the wholesale level due to increased promotional activity as we continue to build-out our brands across state markets. Start-up costs represent costs incurred to prepare a location for its intended use. The inventory recall reserve relates to the potential impact of the Pennsylvania Department of Health recall and ban of vape products containing certain cannabis concentrates.

The fair value adjustments on biological assets are the gains or losses arising from changes in fair value less costs to sell during the period and are included in the statements of operations and other comprehensive income (loss) of the related period. Realized fair value amounts from biological assets included in the cost of inventory sold are separately presented from cost of sales as fair value adjustment on sale of inventory in the statements of operations and other comprehensive income (loss) of the related period. Determination of the fair values of the biological assets requires the Company to make estimates and assumptions about how market participants assign fair values to the biological assets. These estimates and assumptions primarily relate to the level of effort required to bring the plants up to the point of harvest, sales price and expected remaining future yields for the plants.

Operating Expenses

Operating expenses for the year ended December 31, 2021 were $117,099, as compared to $52,300 for the year ended December 31, 2020, an increase of $64,799, or 124%. The net increase in G&A is due to the increase in the size and scope

of general and administrative functions of the Company to support expanded operations, as a result of growth and acquisitions. G&A expenses for the years ended December 31, 2021 and 2020 include the following:

	Year Ended December 31,			
	2021	2020	Change	% Change
Salaries, wages and employee related expenses ("S&W")	$ 58,228	$ 21,781	$ 36,447	167 %
Stock-based compensation expense	13,406	7,292	6,114	84 %
Depreciation and amortization expense	6,841	5,071	1,770	35 %
Facility-related expenses	7,121	3,754	3,367	90 %
Professional fees and legal expenses	6,507	3,975	2,532	64 %
Marketing and selling	3,563	2,511	1,052	42 %
Insurance	2,703	1,988	715	36 %
Administration and application fees	1,131	1,589	(458)	(29)%
Software and technology	3,313	1,049	2,264	216 %
Travel, entertainment and conferences	2,352	756	1,596	211 %
Acquisition and deal costs	1,624	810	814	100 %
Goodwill impairment	2,384	—	2,384	100 %
Asset impairment charges	4,561	—	4,561	100 %
Other G&A	3,365	1,724	1,641	95 %
Total general, administrative and selling expenses	$ 117,099	$ 52,300	$ 64,799	124 %

The most significant increase in total G&A expenses is due to the increase in salaries, wages, labor and employee-related expenses from the increase in the number of employees at our various locations to support our continued growth and resulting from recent acquisitions.

The increase in share-based compensation expense is primarily due to an increase in the number of stock options granted during the year ended December 31, 2021 to employees, senior key management and independent directors, and from continued vesting of awards.

The increases in facility-related expenses and depreciation and amortization expense were primarily due to the additions of property, plant and equipment and right-of-use lease assets from acquisitions and from the build out of locations.

The increases in software and technology expense and travel, entertainment and conferences expense is attributable to our expansion of operations.

The increase in professional fees and legal expenses is primarily due to our transition to US GAAP reporting and costs associated with our registration with the SEC, which we expect to complete by the third quarter of 2022.

Goodwill impairment for the year ended December 31, 2021 related to the write-off of goodwill associated with FBS Nevada upon completion of the Company's annual impairment assessment. The asset impairment charges relate to Jushi Europe, which has filed a notice of over-indebtedness with the Swiss courts. As a result of the impending bankruptcy of Jushi Europe, the Company determined that the assets of Jushi Europe were impaired and recognized an impairment loss of $4,561.

Other Income

Interest Expense, Net

Interest expense, net was $30,956 for the year ended December 31, 2021, as compared to $18,902 for the year ended December 31, 2020, an increase of $12,054, or 64%. The increase in interest expense, net is due primarily to an increase in interest-bearing borrowings including finance leases and acquisition-related financing.

Fair Value Changes in Derivatives

Fair value changes in derivatives was a net gain of $105,170 for the year ended December 31, 2021, as compared to a net loss of $173,707 for the year ended December 31, 2020. Fair value changes in derivatives include: (i) the fair value gains or losses relating to the derivative warrants liability; and (ii) fair value gains or losses relating to the Prepayment Option. The total net fair value gain on derivatives for the year ended December 31, 2021 were attributed to fair value gains relating to the derivative warrants of $104,594 and a gain on the PADS purchase option of $575. The derivative warrants were issued in connection with the debt offerings announced in December 2019 and June 2020 and are required to be remeasured at fair value at each reporting period. The gains on derivative warrants for the year ended December 31, 2021 were due to the decrease in the fair value of the derivative warrants liability primarily as a result of a decrease in the Company's stock price during the year ended December 31, 2021.

Other, Net

For the years ended December 31, 2021 and 2020, other, net was comprised of the following:

	Year Ended December 31,			
	2021	2020	Change	% Change
Net gains on business combinations	$ 520	$ 6,472	$ (5,952)	(92)%
Gains (losses) on investments and financial assets	352	(1,609)	1,961	(122)%
Losses on debt extinguishment/modification	(3,815)	(1,853)	(1,962)	106 %
Net gains (losses) on legal settlements	10,350	(2,217)	12,567	(567)%
Other	560	(417)	977	(234)%
Other income, net	$ 7,967	$ 376	$ 7,591	2019 %

Net Gains on Business Combinations

For the year ended December 31, 2021, the gain related to an out-of-period valuation adjustment, for the 2020 acquisition of two dispensaries in Illinois, whereas for the year ended December 31, 2020, $4,270 of the gain was related to the bargain purchase gain for the PAMS acquisition in 2020 as well as the related tax effect, and $2,202 related to the 2020 acquisition of two dispensaries in Illinois.

Gains (Losses) on Investments and Financial Assets

For the year ended December 31, 2021, the gains were comprised of net fair value gains on investments, partially offset by the reversal of a contingent consideration receivable from the sale of a previous investment. For the year ended December 31, 2020, net investment losses were comprised of $2,474 in losses from declines in the fair values of the Company's holdings in investments caused by the general market decline experienced during the first quarter of 2020 as a result of COVID-19, partially offset by gains on unsold securities from subsequent improvements in market conditions, and a gain on a contingent consideration receivable related to the 2019 sale of a previous investment.

Loss on Debt Extinguishment/Modifications

For the year ended December 31, 2021, net losses on debt modifications resulted from the redemption of senior notes. For the year ended December 31, 2020 losses on debt modification resulted from the removal of a specific redemption term associated with certain senior notes as a result of the public listing of the senior notes.

Net Gains (Losses) on Legal Settlements

For the year ended December 31, 2021, the net gain on legal settlement was primarily related to the settlement of the SFN litigation. Refer to Note 21 - Commitments and Contingencies in the December 31, 2021 Financial Statements for further information regarding the SFN litigation. For the year ended December 31, 2020, the loss on legal settlement related to a confidential legal settlement.

Income Tax Expense

Total income tax expense was $31,089 for the year ended December 31, 2021, as compared to $10,401 for the year ended December 31, 2020, an increase of $20,688, or 199%. The increase was comprised of an increase in current tax expense of $20,320 and a decrease in deferred tax benefit of $368. The increase in current tax expense relates primarily to the increase in taxable gross profit generated from the Company's increased retail and wholesale sales. The Company also realized additional taxable income from a legal settlement related to the SFN litigation.

Net Loss Attributable to Non-Controlling Interests

Net loss attributable to non-controlling interests was $2,772 for the year ended December 31, 2021, as compared to $1,908 for the year ended December 31, 2020, an increase of $864. Net loss attributable to non-controlling interests for the year ended December 31, 2021, primarily relates to the non-controlling interests of Jushi Europe, whereas net loss attributable to non-controlling interests for the year ended December 31, 2020 related to the non-controlling interests of Dalitso, Jushi Europe SA, Agape and other non-material non-controlling interests. The non-controlling interests of Dalitso and Agape were purchased by the Company during the fourth quarter of 2020 and the first quarter of 2021, respectively.

Non-IFRS Measures and Reconciliation

EBITDA, Adjusted EBITDA and Adjusted Gross Profit

In addition to providing financial measurements based on IFRS, the Company provides additional financial metrics that are not prepared in accordance with IFRS. Management uses non-IFRS financial measures, in addition to IFRS financial measures, to understand and compare operating results across accounting periods, for financial and operational decision making, for planning and forecasting purposes and to evaluate the Company's financial performance. These non-IFRS financial measures are EBITDA, Adjusted EBITDA and Adjusted Gross Profit (defined below). Management believes that these non-IFRS financial measures reflect the Company's ongoing business in a manner that allows for meaningful comparisons and analysis of trends in the business, as they facilitate comparing financial results across accounting periods and to those of peer companies. As there are no standardized methods of calculating these non-IFRS measures, the Company's methods may differ from those used by others, and accordingly, the use of these measures may not be directly comparable to similar measures used by others, thus limiting their usefulness. Accordingly, these non-IFRS measures are intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

EBITDA and Adjusted EBITDA are financial measures that are not defined under IFRS. Management defines EBITDA as net income (loss), or "earnings", before interest, income taxes, depreciation and amortization. Management defines Adjusted EBITDA as EBITDA before: (i) non-cash share-based compensation expense and other one-time charges; (ii) inventory-related adjustments; (iii) fair value changes in derivatives; (iv) other income/expense items; (v) start-up costs; (vi) transaction costs; (vii) goodwill impairment; and (viii) asset impairment charges. The financial measures noted above are metrics that have been adjusted from the IFRS net income (loss) measure in an effort to provide readers with a normalized metric in making comparisons more meaningful across the cannabis industry, as well as to remove non-recurring, irregular and one-time items that may otherwise distort the IFRS net income measure. Other companies in the Corporation's industry may calculate this measure differently, limiting their usefulness as comparative measures. "Adjusted Gross Profit" represents gross profit, as reported, adjusted to exclude certain inventory-related adjustments and start-up costs (within COGS).

Reconciliation of EBITDA and Adjusted EBITDA (Non- IFRS Measures)

The table below reconciles net income (loss) to EBITDA and Adjusted EBITDA for the periods indicated. The table below may contain slight summation differences due to rounding. *(Amounts expressed in thousands of U.S. dollars) (Unaudited)*

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
NET INCOME (LOSS) [1]	$ 5,170	$ (156,662)	$ 21,364	$ (211,866)
Income tax expense	9,651	6,188	31,089	10,401
Interest expense, net	10,369	5,908	30,956	18,902
Depreciation and amortization [2]	3,278	1,903	9,468	5,412
EBITDA (Non-IFRS)	$ 28,468	$ (142,663)	$ 92,877	$ (177,151)
Non-cash share-based compensation and other one-time charges [3][8]	8,224	3,621	18,015	7,425
Inventory-related adjustments [4]	1,399	(4,510)	(553)	(5,842)
Fair value changes in derivatives	(38,370)	135,659	(105,170)	173,707
Other (income) expense items [5]	(11,235)	10,489	(7,409)	(793)
Start-up costs [6][8]	5,015	957	9,768	2,364
Transaction costs [7][8]	1,038	78	2,472	810
Goodwill impairment	2,384	170	2,384	170
Asset impairment charges	4,561	—	4,561	—
Adjusted EBITDA (Non-IFRS)	$ 1,484	$ 3,801	$ 16,945	$ 690

(1) Net income (loss) includes amounts attributable to non-controlling interests.

(2) From the statement of cash flows. Includes amounts that are included in cost of goods sold and in operating expenses.

(3) Includes: (i) non-cash share-based compensation expense for the period; (ii) severance costs; and (iii) loan forgiveness. Severance costs for the year ended December 31, 2021 primarily relate to separation costs for executives. In addition, loans to certain executives were forgiven in preparation for the Company's registration with the SEC in 2022 and treated as incremental incentive compensation.

(4) Includes: (i) fair value changes included in inventory sold and biological assets; (ii) inventory step-up on business combinations; and (iii) inventory recall reserves. The inventory step-up on business combination relates to the fair value write-up on inventory acquired in the Nature's Remedy acquisition and subsequently sold during 2021. The inventory recall reserves relate to the potential impact of the Pennsylvania Department of Health recall and ban of vape products containing certain cannabis concentrates.

(5) Includes: (i) net (gains) reductions on business combinations; (ii) (gains) losses on legal settlements; (iii) losses (gains) on investments and financial assets; and (iv) losses on debt modifications.

(6) Expansion and start-up costs incurred in order to prepare a location for its intended use. Start-up costs are expensed as incurred and are not indicative of ongoing operations of each new location.

(7) Transaction costs include: (i) registration statement costs such as professional fees and other costs relating to our SEC registration; and (ii) acquisition and deal costs.

(8) During 2021, we revised our methodology for calculating Adjusted EBITDA to also adjust for the effects of acquisition and deal costs, severance costs and start-up costs. We revised our methodology for calculating Adjusted EBITDA because we believe that the fluctuations caused in our operating results from these items are not reflective of our core performance, and that the revised methodology provides management and investors more useful information to evaluate the operations of our business. The prior period data for these items has been added to conform to current period presentation.

Reconciliation of Adjusted Gross Profit (Non-IFRS Measures)

The table below reconciles gross profit to Adjusted Gross Profit for the periods indicated. The table below may contain slight summation differences due to rounding. *(Amounts expressed in thousands of U.S. dollars) (Unaudited)*

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Gross profit	$ 20,878	$ 19,188	$ 87,371	$ 43,068
Inventory-related adjustments [(1)]	1,399	(4,510)	(553)	(5,842)
Start-up costs (within COGS) [(2)]	4,080	326	5,310	515
Adjusted Gross Profit	$ 26,357	$ 15,004	$ 92,128	$ 37,741

(1) Includes: (i) fair value changes included in inventory sold and biological assets; (ii) inventory step-up on business combinations; and (iii) inventory recall reserves. The inventory step-up on business combination relates to the fair value write-up on inventory acquired in the Nature's Remedy acquisition and subsequently sold during 2021. The inventory recall reserves relate to the potential impact of the Pennsylvania Department of Health recall and ban of vape products containing certain cannabis concentrates.

(2) Expansion and start-up costs incurred in order to prepare a location for its intended use. Start-up costs are expensed as incurred and are not indicative of ongoing operations of each new location.

Liquidity and Capital Resources

Amounts expressed in thousands of U.S. dollars, unless otherwise stated.

Sources and Uses of Cash

The Company had cash and cash equivalents of $94,962, total current assets of $163,316, and current liabilities of $121,847 as of December 31, 2021. The Company therefore had net working capital of $41,469.

The major components of the Company's statements of cash flows for the year ended December 31, 2021 and 2020, are as follows:

	Year Ended December 31,	
	2021	2020
Net cash flows provided by (used in) operating activities	$ 1,576	$ (3,720)
Net cash flows used in investing activities	(112,477)	(44,726)
Net cash flows provided by financing activities	120,805	95,414
Effect of currency translation on cash and cash equivalents	(274)	(47)
Net change in cash and cash equivalents and restricted cash	$ 9,630	$ 46,921

Cash provided by operating activities during the year ended December 31, 2021 was $1,576, as compared to $3,720 cash used in operating activities for the year ended December 31, 2020. The improvement in cash provided by operating activities for the year ended December 31, 2021 is due primarily to improved management of working capital, partially offset by an increase in net loss after non-cash adjustments.

Net cash used in investing activities totaled $112,477 for the year ended December 31, 2021, as compared to $44,726 for the year ended December 31, 2020. The net cash used in investing activities for the year ended December 31, 2021 was comprised of: $47,307 in payments for the acquisitions of Nature's Remedy, OSD, OhiGrow, and Grover Beach, net of cash acquired, $74,319 in payments for property, plant and equipment for use in the Company's operations; partially offset by $9,149 in proceeds from sales and redemptions of investments. The net cash used in investing activities for the year ended December 31, 2020 was comprised of: $30,117 in payments for the acquisitions of PAMS, PADS (including the PADS Purchase Option), Agape, GSG Santa Barbara and BEYOND/HELLO™ Illinois ("BHIL"), net of cash

acquired; $21,706 in payments for property, plant and equipment for use in the Company's operations; $11,500 in payments for investments in securities and an equity investment; partially offset by $18,597 in proceeds from sales and redemptions of investments and a note receivable.

Net cash provided by financing activities totaled $120,805 for the year ended December 31, 2021, as compared to $95,414 for the year ended December 31, 2020. The net cash provided by financing activities for the year ended December 31, 2021 was comprised of: $85,660 in proceeds from the issuance of shares, net of issuance costs, in connection with the public offerings in January and February 2021; $38,299 in proceeds from the acquisition-related credit facility, net of debt issuance costs; $17,128 in proceeds from the exercise of warrants and stock options; and $7,493 in proceeds from other debt, net of payments; partially offset by: $8,134 in redemption payments for the Senior Notes; interest payments on senior notes of $7,614; $9,666 in lease obligation payments; $1,620 in principal payments on acquisition-related promissory notes payable; and $741 in interest payments on acquisition related promissory notes payable. The net cash provided by financing activities for the year ended December 31, 2020 was comprised of: $51,861 in proceeds from the issuance of the Senior Notes with warrants, net of financing costs; $46,587 in proceeds from the exercise of warrants and stock options; $29,243 in proceeds from the issuance of shares, net of issuance costs, in connection with a public offering in October of 2020; $3,529 in proceeds from other debt and $1,994 in contributions from non-controlling interests; partially offset by: $24,004 in principal payments on acquisition-related promissory notes payable; $2,029 in interest payments on acquisition related promissory notes payable; $6,368 in interest payments for Senior Notes; $3,168 in lease obligation payments; and $2,231 in payments for acquisitions from non-controlling interests for Dalitso and BHIL.

Liquidity

The Company believes at this time that it has sufficient sources of liquidity to execute on its business plan and satisfy its commitments made to date. As reflected in the Annual Financial Statements, the Company has incurred losses from operations for the years ended December 31, 2021 and 2020, and has an accumulated deficit of $243 million as of December 31, 2021. As discussed in Note 11 - Debt of the Annual Financial Statements, the Company's 10% senior notes (the "Senior Notes"), which as of December 31, 2021 had an aggregate principal amount outstanding of $75,193, mature on January 15, 2023, and its Acquisition Facility (refer to Note 11 - Debt) required the Company to maintain certain covenants which the Company may not have been in compliance with if the court accepted Jushi Europe's petition for bankruptcy and was projected to violate certain financial covenants further within the next twelve months. Management obtained an amendment in April 2022 which included a waiver related to Jushi Europe's bankruptcy and a change to the terms of the Total Leverage ratio, as defined in the agreement, and the commencement date of leverage testing under the Acquisition Facility. Finally, while the Company has recently started to generate positive cash flows from operations in 2021, such amounts may not be sufficient to cover the outstanding principal amounts due under the Senior Notes. This condition represents a material uncertainty about the Company's ability to continue as a going concern.

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

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

Refer to Note 11 - Debt for additional information on the Company's debt instruments and related covenants.

Commitments and Contingencies

The Company is subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its consolidated operations, or losses of permits that could result in ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulations as of December 31, 2021, cannabis and hemp regulations continue to evolve and area is subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future. Refer to "Risks Related to the Business of Jushi" below.

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. Other than the matters noted or referenced to in Note 21 - Commitments and Contingencies in the December 31, 2021 Financial Statements, there were no pending or threatened lawsuits and other commitments and contingencies as of December 31, 2021 that could reasonably be expected to have a material effect on the results of the Company's consolidated operations. There are no proceedings in which any of the Company's directors, officers, or affiliates is an adverse party or has a material interest adverse to the Company's interest.

The Company expects to incur capital expenditures of approximately $40 million - $60 million, of which a portion will be funded by an existing financing arrangement subject to market conditions and regulatory changes, during 2022, for purchases of properties, and for leasehold improvements and construction of buildouts of certain locations, including for properties for which the lease is conditional on obtaining the applicable related license or for which other contingencies exist and subject to market conditions and regulatory changes.

The Company incurred capital expenditures of approximately $18.0 million for the period from October 1, 2021 through December 31, 2021, and incurred capital expenditures of approximately $74.3 million for fiscal year 2021 for purchases of properties, plant and equipment, including improvements and construction of buildouts of certain locations.

Jushi continues to execute its retail plans in Pennsylvania, Virginia, Illinois, Nevada and California. In Pennsylvania, the Company opened three additional BEYOND/HELLO™ retail locations in the fourth quarter of 2021, culminating with all eighteen dispensaries open in the Commonwealth. In Virginia, the Company anticipates opening the four remaining BEYOND/HELLO™ branded medical dispensaries by early 2023. In Illinois, the Company plans to open its fifth BEYOND/HELLO™ retail location in 2023. In Ohio, the Company anticipates opening its first BEYOND/HELLO™ retail location in late 2022 or early 2023. In Nevada, Jushi closed on the acquisition of an adult-use and medical retail dispensary operating in Las Vegas in the first quarter of 2022, and recently closed on the acquisition of the single-state vertically integrated operator in April 2022. As for California, the Company continues to execute its retail expansion plan in the state by completing the build out of the new BEYOND/HELLO™ Grover Beach location in the second quarter of 2022 and expects to open the Company's BEYOND/HELLO™ Culver City dispensary by the fourth quarter 2022.

The Company's wholly-owned subsidiary, PAMS, entered into an amendment of its existing lease with Innovative Industrial Properties, Inc. making available an additional $30 million in funding (which is included in the Company's right-of-use lease liabilities) for the first phase of property development of the Pennsylvania Facility. The funding will be used to complete the buildout of the existing 81,000 sq. ft. building and an approximately 42,000 sq. ft. expansion of the Pennsylvania Facility for a total of approximately 123,000 sq. ft. The Company has added many parcels of land to the footprint and is close to being able to expand to approximately 350,000 square feet. With nearly 350,000 square feet of total facility capacity, the initial 81,000 square foot facility will become the center of all operations with a much larger manufacturing and post-harvest operation that will support the larger facility. The first phase of the expansion will add approximately 42,000 sq. ft., bringing the total square footage to over 123,000 square feet and total canopy to approximately 35,000 square feet, increase annual biomass capacity from approximately 8,000 lbs. to 22,000 lbs. and is expected to be completed by the end of the second quarter of 2022, subject to regulatory approvals, and begin to generate revenue by the third quarter of 2022. Phase two of the expansion, which would commence pending favorable regulatory developments in the Commonwealth, such as adult-use legislation, is expected to increase the PAMS facility from 123,000 sq. ft. to 210,000 sq. ft., increase total canopy from 35,000 sq. ft. to approximately 107,000 sq. ft., and increase biomass capacity from about 22,000 lbs. to approximately 60,000 lbs. In addition to these two contemplated phases of

buildout, PAMS continues to assess and develop further expansion opportunities at the Pennsylvania Facility to meet the needs of patients and wholesale market demand, now and in the future. Also, the Company is expected to introduce new technologies, including hydrocarbon extraction, in the second quarter of 2022, which is expected to increase extraction productivity and produce a much higher-quality product.

In December 2020, the Company completed the initial 30,000 sq. ft. phase one build-out of the VA Facility, vertically integrated facility including the co-located cannabis dispensary, operated by Dalitso, the Company's 100% owned pharmaceutical processor permit holder. In May 2021, the Company began phase one of the expansion, which is expected to add approximately 63,000 sq. ft. of cultivation, manufacturing and processing capacity, and should be completed by the end of the second quarter of 2022. At full capacity, the facility will have 19,000 sq. ft. of canopy and an annual production capacity of approximately 12,000 lbs. of biomass that should begin to come to market by the end of the second quarter or early third quarter of 2022 as the construction ends at the end of the second quarter and the grow cycles begin at the end of the second quarter or early in the third quarter. The Company is also in the design phase of constructing a second connected on-site building that would also be built-out in two phases (phase two and phase three). Phase two of the second building is expected to add another approximately 102,000 sq. ft, 35,000 sq. ft. of canopy, and 23,000 lbs. of biomass for a total of approximately 195,000 sq. ft., approximately 54,000 sq. ft.of canopy, and approximately 35,000 lbs. of annual biomass capacity. We anticipate commencing phase two of the expansion when there is clear line of sight into the state's regulatory developments surrounding the beginning of an adult-use program. Phase three would add another approximately 68,000 square feet to the facility, 69,000 sq. ft. of canopy, and 45,000 lbs. of annual biomass capacity for a total of approximately 263,000 square feet, 123,000 sq. ft. of canopy, and 80,000 lbs. of annual biomass capacity. Dalitso's planned buildout of the VA Facility, enables Dalitso to efficiently produce a consistent supply of medical cannabis products as patient access improves and the medical cannabis program continues to mature and expand. The Company incurred approximately $13 million of capital expenditures from October 1, 2021, through December 31, 2021, related to the expansion of this facility.

In Massachusetts, the Company acquired Nature's Remedy, a vertically-integrated single state operator in Massachusetts. Nature's Remedy operates two retail dispensaries, in Millbury, MA and Tyngsborough, MA, and a 50,000 sq. ft. cultivation and production facility in Lakeville, MA with approximately 22,000 sq. ft. of high-quality indoor flower canopy and state-of-the-art extraction and manufacturing capabilities (the "Lakeville Facility"). Currently, the 50,000 sq. ft. Lakeville Facility's flower canopy encompasses approximately 19,500 sq. ft., which Nature's Remedy expanded to approximately 33,000 sq. ft. by the end of 2021. Current flower production at the Lakeville Facility is approximately 9,000 lbs./year, which was part of the expected expansion. Nature's Remedy could increase to approximately 21,000 lbs./year based on approximately 33,000 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 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. These expansions are subject to business evaluations and needs, and receipt of applicable regulatory approvals. The Company incurred approximately $3 million of capital expenditures from October 1, 2021, through December 31, 2021 related to the Nature's Remedy expansions.

In Nevada, FBS Nevada operates one of the two 7,200 sq. ft. adjacent facilities and has upgraded the facility with state-of-the-art, indoor, double-stacked cultivation that yields approximately 1,800 lbs. of biomass per year. FBS Nevada plans to connect the two facilities to create a single production space for a total of 17,400 sq. ft. The expansion is expected to approximately double cultivation capacity to 5,300 lbs. of biomass per year and be completed by the end of the first quarter of 2023. The Company expects to incur capital expenditures beginning in the third quarter of 2022, related to the expansion of these facilities. The Company projects that at scale the facility will be capable of processing upwards of 5,300 lbs of biomass annually. Additionally, with the recent closing of NuLeaf, the Company added a 27,000 sq. ft. cultivation facility in Sparks, NV, as well as a 13,000 sq. ft. processing facility in Reno, NV. With these additions, the

Company's current overall Nevada cultivation and processing facilities are over 47,000 sq. ft., and operates approximately 10,000 sq. ft. of canopy.

In Ohio, the Company acquired OhiGrow located in Toledo, Ohio for a total consideration of $5.0 million. The OhiGrow facility consists of one parcel of land totaling 1.35 acres containing an approximately 10,000 sq. ft. free-standing building. OhiGrow holds a Level II cultivation license that allows for an initial 3,000 sq. ft. of cultivation area. OhiGrow started production and will have the first harvest in the second quarter of 2022. OhiGrow is expected to operate approximately 1,900 sq. ft. of canopy and expects to produce approximately 900 lbs. of biomass annually. 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 of Ohio. The Company intends to apply for the necessary approvals to expand the OhiGrow facility's cultivation area to the maximum 9,000 sq. ft. currently permitted under the Level II cultivation license, and is expected to produce approximately 4,500 lbs. of biomass per year. The Company has plans to increase the canopy from approximately 1,900 sq. ft. to over 10,000 sq. ft., pending regulatory approvals. The Company incurred approximately $0.4 million of capital expenditures from October 1, 2021, through December 31, 2021, related to the expansion of this facility.

Contractual Obligations and Off-Balance Sheet Arrangements

As of December 31, 2021, the Company had the following estimated recorded contractual obligations to make future payments, excluding interest payments on notes and excluding potential escalations for changes in cannabis regulations, representing contracts and other commitments that are known and committed (amounts expressed in thousands of U.S. dollars):

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

Refer to Note 21 - Commitments and Contingencies in the December 31, 2021 Financial Statements for other commitments of the Company. As of the date of this MD&A, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on the financial performance or financial condition of the Company.

Outstanding Share Data

As of December 31, 2021, the Company had 182,707,359 Subordinate Voting Shares issued and outstanding, 69,280,403 warrants outstanding, 2,859,151 unvested restricted stock awards (included in the Subordinate Voting Shares outstanding), and 20,429,120 stock options outstanding.

On August 9, 2021, all issued and outstanding Super Voting Shares and all Multiple Voting Shares were converted into Subordinate Voting Shares in accordance with their terms. The outstanding warrants to acquire Super Voting Shares and Multiple Voting Shares were also converted into warrants to acquire Subordinate Voting Shares, without any amendment to the other terms of such warrants. Following these conversions, there are no Super Voting Shares or Multiple Voting Shares or warrants issued and outstanding. As of April 29, 2022, the Company had 194,484,278 Subordinate Voting Shares issued and outstanding, 65,536,855 outstanding warrants, 2,369,188 unvested restricted stock awards (included in the Subordinate Voting Shares outstanding), and 20,507,455 stock options outstanding. Refer to Note 14 - Equity in the December 31, 2021 Financial Statements for additional details on the Company's securities. In addition, as of December

31, 2021, there are 910,000 Subordinate Voting Shares that have not yet been issued but will be issuable on conversion of a mandatorily convertible promissory note by no later than November 19, 2022. Refer to “Promissory Notes Payable” in Note 11 - Debt in the December 31, 2021 Annual Financial Statements for additional details on this promissory note.

Accounting Policies, Critical Judgments and Estimates

The preparation of the Company’s December 31, 2021 Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The critical accounting estimates and judgements are disclosed in full in the Company’s December 31, 2021 Financial Statements. Refer to Note 2 - Basis of Presentation and Summary of Significant Accounting Policies in the December 31, 2021 Financial Statements for details of accounting policies, critical judgements and estimates.

Related Party Transactions

Other than those described or referred to in Note 22 - Related Party Transactions in the December 31, 2021 Financial Statements, there are no additional related party transactions.

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 or referred to below and those described elsewhere in this MD&A, 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 MD&A.

Risks Related to the Regulatory Environment

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

As of December 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, eighteen 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-seven 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 seven 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 Canadian Securities Administrators ("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, They may also be subject to criminal charges under the CSA, and if convicted, could face a variety of penalties including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. Any of these penalties could have a material adverse effect on the Company reputation and ability to conduct business, its holding (directly or indirectly) of medical and adult-use cannabis licenses in the U.S., 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, settlement or trial of any such proceedings or charges, and such time or resources could be substantial.

Under the Obama administration in 2013, the Department of Justice ("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 statues, 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 Joycee 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 Joycee protection was in place when the federally illegal activity occurred.

The Joycee 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 Joycee 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% 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 grandfathers 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 United States Department of Agriculture ("USDA") to create federal regulations and to set the framework for states to regulate hemp. 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 Food, Drug and Cosmetic Act ("FDCA"), section 351 of the Public Health Service Act (addressing the regulation of biological products), the authority of the Commissioner of the Food and Drug Administration ("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, issued 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 Federal Food, Drug and Cosmetic Act (" 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 misdemeanours 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 Memorandum of Understanding ("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 U.S. Customs and Border Protection ("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 ("ICA").

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, including but not limited to workers' compensation, general liability, products liability, directors' and officers' liability, property, fire and other similar policies customarily obtained for businesses tot he extent commercially appropriate due to the nature of its business. Further, 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, licenses and permits and there is no guarantee that all required approvals, licenses 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 MD&A, 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 implemented mandatory shutdowns of business to prevent the spread of COVID-19. The Company's operations were permitted to stay open despite the mandatory closures of non-essential businesses. As COVID-19 continues, the Company is closely monitoring state and local regulations to permitting us to remain operational. However, there is no guarantee further measures may 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 Centers for Disease Control and Prevention ("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 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

US 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 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

The Founders collectively hold an amount of equity giving them the ability to control or influence 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. If James Cacioppo 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 could influence the 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 influence 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.

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 available 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.

Further, the Company has incurred losses from operations for the years ended December 31, 2021 and 2020 and has an accumulated deficit of $242,838 as of December 31, 2021. The Company's Debt Financing, which as of December 31, 2021 had an aggregate principal amount outstanding of $75,193, mature on January 15, 2023, and its Acquisition Facility required the Company to maintain certain covenants which the Company may not have been in compliance with now or in the next 12 months. The Company obtained an amendment of the credit agreement for the Acquisition Facility in April 2022 which included a waiver related to Jushi Europe's bankruptcy and a change to the terms of the Total Leverage ratio, as defined in the credit agreement, and the commencement date of leverage testing under the Acquisition Facility. While the Company started to generate positive cash flows from operations in 2021, has cash on hand, is in ongoing efforts with certain lenders to refinance the Debt Financing, expects continued growth of sales, gross profit and cash flows from operations, has the ability to defer certain capital projects and reallocate funds for debt repayment and access to alternative sources of debt and equity financing, including through its base shelf prospectus, such amounts and/or efforts may not be sufficient to cover the outstanding principal amounts due under the Debt Financing. Further, there can be no assurance that the Company will be able to refinance the Senior Notes, generate positive results from operations, or obtain additional liquidity when needed or under acceptable terms, if at all.

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.

Negative Cash Flow from Operations

The Company has sustained net losses from operations and negative cash flow from operating activities in the past and may do so again in the future. To the extent that Company has negative cash flow in any future period, certain of the proceeds from any offering of securities of the Company may be used to fund such negative cash flow from operating activities.

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 a loss of Foreign Private Issuer status

On July 22, 2021, the Company announced that it no longer meets the definition of a Foreign Private Issuer ("*FPI*"). As a public issuer, the Company is currently 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. In addition, with the loss of FPI status, the Company will become subject to the reporting requirements of the United States Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder. Additional or new regulatory requirements may be adopted in the future. The loss of FPI 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 prospectus offerings. In addition, the requirements of existing and potential future rules and regulations will increase the Company's legal, audit, accounting and financial compliance costs, make some activities more difficult, time consuming or costly and may also place undue strain on our personnel, systems and resources, including the transition of the Company's financial reporting from IFRS to U.S. GAAP, which could adversely affect our business, financial condition, and results of operations. Further, should the Company seek to list on a securities exchange in the United States, the loss of Foreign Private Issuer status may increase the cost and time required for such a listing.

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 OTCQX 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 OTCQX

The Company must meet continuing listing standards to maintain the listing of the Subordinate Voting Shares on the OTCQX. If the Company fails to comply with listing standards and the OTCQX 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.

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. Except for the Company's CEO, 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 beneficial owner voting control

James Cacioppo, Chairman and Chief Executive Officer, Louis Jonathan Barack, President, and Denis Arsenault, a significant shareholder and previous member of the board of directors, beneficially owned approximately 13.34% in total of the outstanding shares of our common stock (24.36% on a fully diluted basis) as of December 31, 2021. Accordingly, they may be in a position to influence: (i) the vote of most matters submitted to our shareholders, including any merger, consolidation or sale of all or substantially all of our assets; (ii) the nomination of individuals to the Board of Directors; and (iii) a change in control. Any concentrated control of the Company 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, any concentrated control could allow consummation of a transaction that some of the Company's other shareholders do not support, for example long-term strategic investment decisions and taking risks that may not be successful and may seriously harm the Company's business.

Directors and officers of the Company 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. Board members and officers 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 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 a loss of Foreign Private Issuer status and becoming a U.S. reporting company

On July 22, 2021, the Company announced that it no longer meets the definition of a Foreign Private Issuer ("FPI"). As a public issuer, the Company is currently 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. In addition, with the loss of FPI status, the Company will become subject to the reporting requirements of the United States Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder. Additional or new regulatory requirements may be adopted in the future. The loss of FPI 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 prospectus offerings. In addition, the requirements of existing and potential future rules and regulations will increase the Company's legal, audit, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on our personnel, systems and resources, including the transition of the Company's financial reporting from IFRS to U.S. GAAP, which could adversely affect our business, financial condition, and results of operations. Further, should the Company seek to list on a securities exchange in the United States, the loss of FPI status may increase the cost and time required for such a listing.

Our operations may be interrupted by the occurrence of a natural disaster or other catastrophic event at our primary facilities.

Although we have contingency plans in effect for natural disasters or other catastrophic events, the occurrence of such events could still disrupt our operations. For example, our Scranton, Pennsylvania grower-processor facility is located in FEMA A99 Special Flood Hazard Area. Any natural disaster or catastrophic event in our facilities or the areas in which they are located could have a significant negative impact on our operations and financial results.

Our insurance coverage may not be sufficient to avoid material impact on our financial position or results of operations resulting from claims or liabilities against us, and we may not be able to obtain insurance coverage for certain operations.

We maintain commercially available insurance coverage for protection against many risks of liability. The extent of our insurance coverage is under continuous review and is modified as we deem it necessary. Despite this insurance, it is possible that claims or liabilities against us may have a material adverse impact on our financial position or results of operations. In addition, we may not be able to obtain any insurance coverage, or adequate insurance coverage, due to factors including but not limited to geography, type and scope of operations and economic feasibility. For example, we do not carry flood insurance for our grower-processor facility in Scranton, Pennsylvania because such insurance is extremely restricted for the cannabis industry. The Company has and will continue to exercise commercially reasonable efforts to obtain such insurance but the costs may not be reasonable in relation to the potential risk and/or the limits may not be sufficient for the site.