NOTE TO READER

The Management's Discussion & Analysis of Jushi Holdings Inc. (the "Company") for the interim period ended March 31, 2022 (the "Re-filed MD&A") has been re-filed on SEDAR. Readers should note that in the Reviewed Financial Statements, the Company restated its diluted earnings per share calculation for the three months ended March 31, 2022 to properly incorporate the dilutive effect of its outstanding derivative warrants. In addition, the Company revised the classification of interest payments on certain debt obligations in the consolidated statement of cash flows for the three months ended March 31, 2022. Related changes were made to the *Results of Operations, Summary of Quarterly Results and Selected Financial Information* and *Liquidity and Capital Resources* in the Re-filed MD&A. Refer to Note 2. Basis of Presentation and Summary of Significant Accounting Policies of the condensed unaudited interim consolidated financial statements for the three months ended March 31, 2022 for more information.

JUSHI HOLDINGS INC.

MANAGEMENT’S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2022 and 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 March 31, 2022, and for the three months 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 condensed unaudited interim consolidated financial statements and notes thereto for the three months ended March 31, 2022 (the "Quarterly Financial Statements"), and the audited consolidated financial statements and the accompanying notes for the years ended December 31, 2021 and 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 to June 24, 2022 unless otherwise indicated.

The Company's certifying officers are responsible for ensuring that the 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 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 June 24, 2022.

Additional information relating to the Company, including the Company's Annual Information Forms ("AIF"), Final Short Form Base Shelf Prospectus dated October 14, 2020, Prospectus Supplement dated October 21, 2020, Prospectus Supplement dated January 5, 2021, Prospectus Supplement dated February 11, 2021 and Preliminary Short Form Base Shelf Prospectus dated November 11, 2021 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; the Company timely becoming a U.S. filer in addition to a Canadian filer; the transition of the Company's financial reporting from IFRS to accounting principles generally accepted in the United States of America ("U.S. GAAP"); increasing competition in the industry; risks associated to cannabis products manufactured for human consumption including potential 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, Nevada, Virginia, California, Ohio and Massachusetts; risks related to the anticipated openings of additional dispensaries; the risks relating to the expansion and optimization of the grower-processor in Pennsylvania, the vertically integrated facility in Virginia and Massachusetts and the facility in Nevada; the risks related to the opening of new facilities, including but not limited to in Ohio, which are subject to licensing approval; 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, Nevada, Massachusetts, and certain municipalities of California.

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 162 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 three to six 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. 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.

In February 2022, 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 launched its vaporizable cartridges and jarred concentrates line, The Lab in the second quarter of 2022 and expects to launch its edibles line, Tasteology, and its high-quality tetrahydrocannabinol ("THC") and cannabidiol ("CBD") rich medical line, Nira+ in the third 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 215 partner dispensaries across the Commonwealth.

California Operations:

The Company operates two licensed dispensaries in Santa Barbara and Grover Beach, California, and is in the process of renovating a third dispensary in Palms Springs, which is expected to be completed in Q3 2022. At completion, the Palm Springs 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. The Company also plans to open a fourth dispensary in Culver City, California by Q1 2023.

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.

On March 16, 2022, 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 one adult-use and medical retail dispensary in Las Vegas, Nevada, and one one adult-use and medical retail dispensary in 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.

Ohio Operations:

Through our subsidiaries, Ohio Green Grow LLC and OhiGrow, LLC, ("OhiGrow") and Franklin Bioscience OH, LLC, (FBS OH), we currently operate a 10,000 sq. ft. cultivation facility in Toledo, Ohio, and an 8,000 sq. ft., processing facility in Columbus, Ohio.

On May 16, 2022, the Company's 100% owned subsidiary, Campbell Hill Ventures, LLC ("Campbell Hill Ventures"), was awarded 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 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 (filed on May 2, 2022) filed under the Company's profile on SEDAR.

Recent Developments

Awarded Provisional Medical Marijuana Dispensary License in Ohio

On May 16, 2022, the Company's 100% owned subsidiary, Campbell Hill Ventures, LLC ("Campbell Hill Ventures"), was awarded a provisional medical marijuana dispensary license (the "License") by the Ohio Medical Marijuana Control Program in the Tri-State area of Cincinnati. The new store will operate under Jushi's retail brand, BEYOND/HELLO™ and is expected to open by early Q1 2023. It marks the Company's first retail location in the state and will be Company's fifth vertically integrated state.

Expanded Product Offerings with the Launch of First Line of Solventless Cannabis Extracts

On May 16, 2022, the Company announced the debut its first line of solventless live rosin extracts by its award-winning brand The Lab™, known for delivering high-quality, precision vape products and concentrates. The new top-shelf product line, includes a 0.5g vape extract cartridge available now and 1g jarred concentrates coming soon for purchase exclusively at BEYOND/HELLO™ store locations in Pennsylvania under the name, The Lab™ Live RSN. Throughout the summer, The Lab™ Live Rosin is expected to launch at the Company's locations in Massachusetts, Nevada and Virginia, pending regulatory approvals.

Opened 32nd Retail Location Nationwide and Third California Dispensary

On May 13, 2022, the Company expanded its retail footprint in California with the opening of its 32nd retail location nationally and third adult-use dispensary in California located in Grover Beach operating under the retail brand BEYOND/HELLO™ . It is the fourth and final retail dispensary permitted in the city of Grover Beach.

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 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.

Funds

Jushi has successfully raised approximately $486 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. As of March 31, 2022, the Company had $76 million of cash and cash equivalents and restricted cash.

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 $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 $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.

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.

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 three months ended March 31, 2022.

We have used and 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 may be allocated to working capital requirements and to the continuing development and marketing of our proprietary brands and core products. We have incurred negative operating cash flows in the past, and 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 32 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, its first medical dispensary in Ohio, one additional adult-use store in California, and one additional retail dispensary in Las Vegas, Nevada, which will bring its permitted retail license store count from 32 to 40.

In Virginia, the Company is on track with phase one of its build out of its Manassas facility, which will expand the existing facility from 30,000 sq. ft. to 93,000 sq. ft., and is expected to be operational by the end of the second quarter. The Company also 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. 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.

Targeting acquisition opportunities in limited licenses jurisdictions. Jushi is pursuing acquisition opportunities to further expand its retail footprint and add cultivation capabilities in Illinois. The Company is also pursuing retail acquisition opportunities in limited license medical markets with high barriers of entry, such as Ohio and Missouri. 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 also completed the acquisition of an operating 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 awarded a provisional medical marijuana dispensary license in Clermont County, located in the Tri-State Cincinnati area. The Company is awaiting certification 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 most recently expanded its offering to include a line of solventless live rosin extract as well as 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.

Summary of Quarterly Results and Selected Financial Information

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

	Quarter Ended							
	March 31, 2022	**December 31, 2021**	**September 30, 2021**	**June 30, 2021**	**March 31, 2021**	**December 31, 2020**	**September 30, 2020**	**June 30, 2020**
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*	*(unaudited)*	*(unaudited)*	*(unaudited)*	*(unaudited)*
Revenue, net	$ 61,888	$ 65,892	$ 53,981	$ 47,744	$ 41,675	$ 32,294	$ 24,913	$ 14,932
Net (loss) income [1]	$ (14,309)	$ 5,170	$ 38,234	$ 4,760	$ (26,801)	$ (156,662)	$ (29,999)	$ (9,308)
Net (loss) income attributable to Jushi shareholders	$ (14,309)	$ 7,515	$ 38,296	$ 4,950	$ (26,626)	$ (156,036)	$ (29,426)	$ (8,879)
Net (loss) income per share attributable to Jushi shareholders - basic	$ (0.08)	$ 0.04	$ 0.23	$ 0.03	$ (0.18)	$ (1.35)	$ (0.31)	$ (0.10)
Weighted average number of shares outstanding - basic	188,446,340	183,596,959	169,542,990	155,093,805	149,933,639	115,362,054	93,572,969	$92,264,221.
Net (loss) income per share attributable to Jushi shareholders - diluted (as restated) [2]	$ (0.13)	$ (0.15)	$ (0.08)	$ (0.09)	$ (0.18)	$ (1.35)	$ (0.31)	$ (0.10)
Weighted average number of shares outstanding - diluted (as restated) [2]	213,059,219	211,080,169	200,022,949	188,122,697	149,933,639	115,362,054	93,572,969	92,264,221

[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							
	March 31, 2022	**December 31, 2021**	**September 30, 2021**	**June 30, 2021**	**March 31, 2021**	**December 31, 2020**	**September 30, 2020**	**June 30, 2020**
	(unaudited)							
Fair value changes in derivatives	$14,309	$38,370	$55,059	$21,099	$(9,358)	$(135,659)	$(36,888)	$(3,748)

[2] As further discussed in Note 2 - Basis of Presentation and Summary of Significant Accounting Policies of the Quarterly Financial Statements, the Company restated its diluted earnings per share for the three months ended March 31, 2022.

The Company's results are impacted by the Company's acquisitions. Refer to Note 6 - Acquisition in the March 31, 2022 and the 2021 Financial Statements for additional information.

The following table sets forth selected financial information for the periods indicated:

(Amounts expressed in thousands of U.S. dollars)

	March 31, 2022	December 31, 2021
Assets:		
Cash and cash equivalents and restricted cash	$ 76,242	$ 95,487
Total assets	$ 688,377	$ 677,915
Liabilities:		
Long-term liabilities	$ 306,473	$ 372,973
Total liabilities	$ 487,858	$ 494,820

The selected quarterly information and consolidated financial 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)*

The following table presents the Company's operating results (unaudited):

	For the Three Months Ended March 31,	
	2022	2021
REVENUE, NET	$ 61,888	$ 41,675
COST OF GOODS SOLD	(42,014)	(22,934)
GROSS PROFIT BEFORE FAIR VALUE CHANGES	$ 19,874	$ 18,741
Realized fair value changes included in inventory sold	(148)	(4,783)
Unrealized fair value changes included in biological assets	8,217	6,135
GROSS PROFIT	$ 27,943	$ 20,093
OPERATING EXPENSES	$ 37,062	$ 21,195
LOSS FROM OPERATIONS BEFORE OTHER INCOME (EXPENSE)	$ (9,119)	$ (1,102)
OTHER INCOME (EXPENSE):		
Interest expense, net	$ (11,245)	$ (6,556)
Fair value changes in derivatives	14,309	(9,358)
Other. net	155	(3,352)
Total other income (expense), net	$ 3,219	$ (19,266)
LOSS AND COMPREHENSIVE LOSS BEFORE INCOME TAXES	$ (5,900)	$ (20,368)
Current income tax expense	(6,346)	(6,473)
Deferred income tax (expense) benefit	(2,063)	40
NET LOSS AND COMPREHENSIVE LOSS	$ (14,309)	$ (26,801)
Net loss attributable to non-controlling interests	—	(175)
NET LOSS AND COMPREHENSIVE LOSS ATTRIBUTABLE TO JUSHI SHAREHOLDERS	$ (14,309)	$ (26,626)
NET LOSS AND COMPREHENSIVE LOSS PER SHARE ATTRIBUTABLE TO JUSHI SHAREHOLDERS - BASIC	$ (0.08)	$ (0.18)
Weighted average shares outstanding - basic	188,446,340	149,933,639
NET LOSS AND COMPREHENSIVE LOSS PER SHARE ATTRIBUTABLE TO JUSHI SHAREHOLDERS - DILUTED (2022, as restated) [1]	$ (0.13)	$ (0.18)
Weighted average shares outstanding - diluted (2022, as restated) [1]	213,059,219	149,933,639

[1] As discussed in Note 2. Basis of Presentation and Summary of Significant Accounting Policies of the Quarterly Financial Statements, the Company restated its diluted earnings per share for the three months ended March 31, 2022.

Three Months Ended March 31, 2022
Amounts expressed in thousands of U.S. dollars, unless otherwise stated.

Revenue, Net

Revenue, net, for the three months ended March 31, 2022 totaled $61,888, as compared to $41,675 for the three months ended March 31, 2021, an increase of $20,213, or 49%. 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, and corporate operations.

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

	Three Months Ended March 31, 2022			Three Months Ended March 31, 2021		
	Revenue by Segment	Intercompany Revenue	Revenue to External Customers	Revenue by Segment	Intercompany Revenue	Revenue to External Customers
Retail	$ 57,914	$ —	$ 57,914	$ 39,277	$ —	$ 39,277
Wholesale	9,483	(5,595)	3,888	4,191	(1,883)	2,308
Other	86	—	86	90	—	90
Inter-segment eliminations	(5,595)	5,595	—	(1,883)	1,883	—
Total	$ 61,888	$ —	$ 61,888	$ 41,675	$ —	$ 41,675

Revenue for the Company's Retail segment was $57,914 for the three months ended March 31, 2022, compared to $39,277 for the three months ended March 31, 2021, an increase of $18,637 or 47%. The increase in Retail revenue is due primarily to the Company's expansion of cannabis operations from build outs and acquisitions. Retail revenues for the three months ended March 31, 2022, were derived from 29 cannabis dispensaries located in Pennsylvania (18), Illinois (four), California (two), Virginia (two) and Massachusetts (two) and Nevada (one) whereas for the three months ended March 31, 2021 retail revenues were derived from a total of 17 cannabis dispensaries located in Pennsylvania (eleven) and Illinois (four), California (one) and Virginia (one).

Revenue for the Company's Wholesale segment was $9,483 for the three months ended March 31, 2022, compared to $4,191 for the three months ended March 31, 2021, an increase of $5,292, or 126%. The increase in Wholesale revenue is primarily attributable to increases in cultivation and manufacturing activity at our grower processor facilities: (i) in Massachusetts due to the Nature's Remedy which was acquired in the third quarter of 2021; and (ii) in Virginia due to the commencement of operations at the Dalitso facility in the third quarter of 2021. Wholesale revenue includes inter-segment revenue of $5,595, which is eliminated in consolidation.

Revenue from the Company's Other operations totaled $86 for the three months ended March 31, 2022, compared to $90 for the three months ended March 31, 2021, a decrease of $4, or 4%. Revenue from the Company's Other operations primarily represents sales of Hemp/CBD products.

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 asset, totaled $42,014 for the three months ended March 31, 2022, as compared to $22,934 for the three months ended March 31, 2021, an increase of $19,080, or 83%. The increase in cost of goods sold is primarily attributable to the increase in revenues. As a percentage of revenue, cost of goods sold was 68% and 55% for the three months ended March 31, 2022, and 2021, respectively.

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, yields on harvested products, changes in fair values of biological assets and changes in inventory reserves.

Gross profit was $27,943 for the three months ended March 31, 2022, as compared to $20,093 for three months ended March 31, 2021, an increase of approximately $7,850, or 39%. As a percentage of revenue, gross profit was 45% and 48% for the three months ended March 31, 2022 and 2021, respectively. Gross profit increased primarily due to the increase in revenue and fair value adjustments, partially offset by a decrease in net overall margin primarily driven by increased promotional activity at retail in Illinois and Massachusetts, and pricing compression in wholesale as we continue to build-out our brands across state markets, as well as new location start up costs.

The realized fair value changes included in inventory sold was a loss of $148 and the unrealized fair value changes included in biological assets was a gain of $8,217 for the three months ended March 31, 2022. For the three months ended March 31, 2021, the realized fair value changes included in inventory sold was a loss of $4,783, while the unrealized fair value changes included in biological assets was a gain of $6,135. 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 three months ended March 31, 2022 were $37,062 , as compared to $21,195 for the three months ended March 31, 2021, an increase of $15,867, or 75%. The net increase in operating expenses 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. Operating expenses for the three months ended March 31, 2022 and 2021, include the following:

	Three Months Ended March 31,				
	2022	2021	Change	% Change	Note
Salaries, wages, labor and employee related expenses (“S&W”)	$ 17,336	$ 9,882	$ 7,454	75 %	(1)
Share-based compensation	6,764	3,563	3,201	90 %	(1)
Depreciation and amortization expense	2,683	1,165	1,518	130 %	(2)
Professional fees and legal expenses	2,706	1,693	1,013	60 %	(3)
Software and technology	1,530	567	963	170 %	(4)
Facilities related expenses	2,212	1,342	870	65 %	(2)
Marketing and selling	969	675	294	44 %	
Insurance	599	755	(156)	(21)%	
Administration and application fees	140	353	(213)	(60)%	
Travel, entertainment and conferences	739	405	334	82 %	
Change in contingent consideration fair value	405	—	405	*	
Acquisition and deal costs	141	238	(97)	(41)%	
Other G&A	838	557	281	50 %	
Total general, administrative and selling	$ 37,062	$ 21,195	$ 15,867	75 %	

*not meaningful

(1) The most significant increase in total operating expenses is due to the increase in compensation related expenses. Salaries, wages, labor and employee related expenses increased 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 due to recent stock options granted to new and existing employees, senior key management and independent directors, and from continued vesting of awards.

(2) The increase in depreciation and amortization is due to an increase in depreciation as result of the increase in PPE, including right-of-use assets, from expansion and acquisitions. The increases in facilities related expenses and insurance, are primarily attributable to the increase in locations. 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.

(3) 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 United States Securities and Exchange Commission ("SEC"), which we expect to complete by the third quarter of 2022.

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

Other Income

Interest Expense, Net

Interest expense, net was $11,245 for the three months ended March 31, 2022, as compared to $6,556 for the three months ended March 31, 2021, an increase of $4,689, or 72%. The increase in interest expense, net is due primarily to an increase in interest-bearing borrowings including acquisition-related financing and leases.

Fair Value Changes in Derivatives

For the three months ended March 31, 2022, fair value gains from derivatives totaled $14,309, compared to fair value losses of $9,358 for the three months ended March 31, 2021. Fair value changes in derivatives for the three months ended March 31, 2022 includes fair value gains relating to the derivative warrants liability. The derivative warrants are required to be remeasured at fair value at each reporting period. The gains on derivative warrants for the three months ended March 31, 2022 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. The total net fair value losses on derivatives for the three months ended March 31, 2021 were comprised of: (i) fair value losses relating to the derivative warrants liability of $9,957 and (ii) fair value gains of $599 relating to the mandatory prepayment option on the 10% senior notes ("Prepayment Option"), which is also classified as a derivative. The losses for the three months ended March 31, 2021 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 March 31, 2022 and 2021 other, net was comprised of the following:

	Three Months Ended March 31,			
	2022	2021	Change	% Change
Gains (losses) on investments and financial assets	—	1,173	(1,173)	(100)%
Losses on debt extinguishment/modification	—	(3,815)	3,815	(100)%
Other income (expense)	155	(710)	865	(122)%
Other, net	$ 155	$ (3,352)	$ 3,507	(105)%

Income Tax Expense

Total income tax expense was $8,409 for the three months ended March 31, 2022, as compared to $6,433 for the three months ended March 31, 2021, an increase of $1,976, or 31%. The increase was comprised of a decrease in current tax expense of $127 and an increase in deferred tax expense of $2,103. The deferred tax expense for the three months ended

March 31, 2022 related primarily to the change in fair value of biological assets and the effects of the acquisition of Apothecarium in the first quarter of 2022.

Net Loss Attributable to Non-Controlling Interests

Net loss attributable to non-controlling interests was $nil for the three months ended March 31, 2022, as compared to $175 for the three months ended March 31, 2021. Net loss attributable to non-controlling interests for the three months ended March 31, 2021, primarily related to the non-controlling interests of Jushi Europe SA, which is currently in bankruptcy proceedings.

Non-IFRS Measures and Reconciliation

EBITDA and Adjusted EBITDA

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 Corporation'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) transaction costs; and (vi) start-up costs. 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.

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)*

	For the Three Months Ended March 31, 2022	2021
NET LOSS [1]	$ (14,309)	$ (26,801)
Income tax expense	8,409	6,433
Interest expense, net	11,245	6,556
Depreciation and amortization [2]	3,675	1,769
EBITDA (Non-IFRS)	$ 9,020	$ (12,043)
Non-cash share-based compensation and other one-time charges [3] [8]	6,958	3,563
Inventory-related adjustments [4]	(4,328)	(1,352)
Fair value changes in derivatives	(14,309)	9,358
Other (income) expense, net [5]	381	3,449
Start-up costs [6] [8]	2,563	1,266
Transactions costs[7] [8]	780	238
Adjusted EBITDA (Non-IFRS)	$ 1,065	$ 4,479

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

(2) 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 and (ii) severance costs.

(4) Includes: (i) fair value changes included in inventory sold and biological assets; (ii) inventory step-up on business combinations; (iii) inventory recall reserves; and (iv) reserves for discontinued products. The inventory step-up on business combination relates to the fair value write-up on inventory acquired in the Apothecarium acquisition and sold subsequent to the respective acquisition dates. 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) losses (gains) on legal settlements; (ii) losses (gains) on investments and financial assets; (iv) losses on debt modifications; and (v) fair value adjustments to contingent consideration for acquisitions.

(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 the second quarter of 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.

The improvements in Adjusted EBITDA for the three months ended March 31, 2022, as compared to the same period in the prior year, are due to significantly higher revenue and operational gross profit, primarily due to continued growth related to the Company's expansion of operations and acquisitions.

Liquidity and Capital Resources

Sources and Uses of Cash

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

The Company had cash and cash equivalents and restricted cash of $76,242, total current assets of $140,425, and current liabilities of $181,385 as of March 31, 2022. The Company therefore had negative net working capital of $40,960.

The major components of the Company's statements of cash flows for the three months ended March 31, 2022 and 2021, are as follows:

	Three Months Ended March 31,	
	2022	2021
Net cash flows provided by operating activities	$ 3,604	$ 461
Net cash flows used in investing activities	(32,321)	(9,039)
Net cash flows provided by financing activities	9,481	84,846
Effect of currency translation on cash	(9)	(40)
Net change in cash and cash equivalents and restricted cash	$ (19,245)	$ 76,228

Net cash provided by operations during the three months ended March 31, 2022 was $3,604, as compared to $461 for the three months ended March 31, 2021. The increase in cash provided by operations for the three months ended March 31, 2022 is due primarily to a net increase in cash inflows from changes from operating assets and liabilities, net of acquisitions, partially offset by an increase in net loss after non-cash adjustments.

Net cash used in investing activities totaled $32,321 for the three months ended March 31, 2022, as compared to $9,039 for the three months ended March 31, 2021. The net cash used in investing activities for the three months ended March 31, 2022 was comprised of: $25,729 in payments for property, plant and equipment for use in the Company's operations; and $6,592 paid for the acquisition of Apothecarium, net of cash acquired. Net cash used in investing activities for the three months ended March 31, 2021 was comprised of: $3,592 paid for the acquisition of Grover Beach, net of cash acquired; and $8,699 in payments for property, plant and equipment; partially offset by $3,252 in net proceeds from sales and redemptions of investments.

Net cash provided by financing activities totaled $9,481 for the three months ended March 31, 2022, as compared to $84,846 for the three months ended March 31, 2021. The net cash provided by financing activities for the three months ended March 31, 2022 was comprised of: $13,680 in proceeds from the issuance of shares for cash, in connection with private placements in January and February 2022; $3,265 in proceeds from other debt; and $541 in proceeds from the exercise of warrants and stock options; partially offset by: $2,136 in payments on the 10% senior notes, including principal redemptions of $258 and interest payments of $1,878; $1,430 in payments on credit facilities and other debt; $4,003 in lease obligation payments; and $436 in payments on acquisition-related promissory notes payable. The net cash provided by financing activities for three months ended March 31, 2021 was comprised of: $85,660 in proceeds from the issuance of shares for cash, net of issuance costs, in connection with public offerings in January and February 2021; $9,886 in proceeds from the exercise of warrants and stock options; and $1,133 in proceeds from other debt; partially offset by $10,109 in payments on the 10% senior notes, including principal redemptions of $8,134 and interest payments of $1,975; $1,609 in lease obligation payments and $115 in interest payments on acquisition-related promissory notes payable.

Refer to the "Funds" section in this MD&A for additional information on liquidity and recent equity offerings.

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 March 31, 2022, 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 22 - Financial Instruments and Financial Risk

Management in the March 31, 2022 Financial Statements, there were no pending or threatened lawsuits as of March 31, 2022 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.

Other commitments and contingencies of the Company are disclosed or referred to in Note 22 - Financial Instruments and Financial Risk Management in the March 31, 2022 Financial Statements.

The Company expects to incur new cash capital expenditures of approximately $40 million - $60 million during 2022, subject to market conditions and regulatory changes, 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 paid capital expenditures of approximately $26 million for the period from January 1, 2022 through March 31, 2022, for purchases of properties, plant and equipment, including 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.

Jushi continues to execute its retail plans in Pennsylvania, Virginia, Illinois, Nevada and California. In Pennsylvania, the Company received approval from the Pennsylvania Department of Health to move one of its Scranton dispensaries to Dickson City and expects the dispensary to open in Q4 of 2022. 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 by 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 opening the BEYOND/HELLO™ Grover Beach location in May of 2022 and expects to open the Company's BEYOND/HELLO™ Culver City dispensary by the first quarter 2023.

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 in the fourth quarter of 2022. This expansion will more than double the number of grow rooms in this facility from four to ten by the end of this year. 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 introducing 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. In the first quarter of 2022, the Company added three new grow rooms and now operates four grow rooms in total. 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. In the beginning of the second quarter, Jushi commenced planting in the three new grow rooms and expects them to begin generating revenue by early this quarter of 2022. The Company also expects to add an additional two rooms by the end of the second quarter and begin planting those rooms by early third quarter and expects to see revenue from these new rooms by the end of the third quarter or early fourth quarter of 2022 with the total grow rooms being seven. 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.

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.

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.

Contractual Obligations and Off-Balance Sheet Arrangements

As of March 31, 2022, 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 accrued liabilities, including tax liabilities	$ 102,701	$ —	$ —	$ —	$ 102,701
10% Senior Notes - principal	74,935	—	—	—	74,935
Acquisition Facility - principal	—	4,000	36,000	—	40,000
Promissory notes - principal	48	21,326	8,777	3,100	33,251
Other debt - principal	3,707	286	4,696	6,272	14,961
Leases - including interest	17,101	27,665	28,119	276,312	349,197
Total	$ 198,492	$ 53,277	$ 77,592	$ 285,684	$ 615,045

Refer to Note 22 - Financial Instruments and Financial Risk Management in the March 31, 2022 Financial Statements for other commitments of the Company. As of the date of this MD&A, the Company does not have any other 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 March 31, 2022, the Company had 189,728,625 Subordinate Voting Shares issued and outstanding, 65,436,855 warrants outstanding, 2,757,290 unvested restricted stock awards (included in the Subordinate Voting Shares outstanding), and 20,507,454 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 May 25, 2022, the Company had 194,542,278 Subordinate Voting Shares issued and outstanding, 65,478,855 outstanding warrants, 1,212,702 unvested restricted stock awards (included in the Subordinate Voting Shares outstanding), and 20,507,454 stock options outstanding. Refer to Note 13 - Equity in the March 31, 2022 Financial Statements for additional details on the Company's securities. In addition, as of May 25, 2022, 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 March 31, 2022 Financial Statements for additional details on this promissory note.

Accounting Policies, Critical Judgments and Estimates

The preparation of the Company's March 31, 2022 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 23 - Subsequent Events in the March 31, 2022 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 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 aforementioned risks 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.

Risks Related to the Company's Business and Industry

The cannabis industry is relatively new.

The Company is operating in a relatively new industry and market. In addition to being subject to general business risks, the Company must continue to build brand awareness in this industry and market share through significant investments in the Company's strategy, production capacity, quality assurance and compliance with regulations. Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids, such as cannabidiol (CBD), and tetrahydrocannabinol (THC) remains in relatively early stages. Few clinical trials on the benefits of cannabis or isolated cannabinoids have been conducted. Future research and clinical trials may draw opposing conclusions to statements contained in the articles, reports and studies currently favored, or could reach different or negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing or other facts and perceptions related to medical cannabis, which could adversely affect social acceptance of cannabis and the demand for the Company's products and dispensary services.

Accordingly, there is no assurance that the cannabis industry and the market for medicinal and/or adult-use cannabis will continue to exist and grow as currently anticipated or function and evolve in a manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the cannabis industry, such as the imposition of further restrictions on sales and marketing or further restrictions on sales in certain areas and markets could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company's ability to grow medical and adult-use cannabis product offerings and dispensary services may be limited.

As the Company introduces or expands its medical and adult-use cannabis product offerings and dispensary services, the Company may incur losses or otherwise fail to enter certain markets successfully. The Company's expansion into new markets may place the Company in competitive and regulatory environments with which the Company is unfamiliar and which may involve various risks, including the need to invest significant resources and the possibility that returns on those investments will not be achieved for several years, if at all. In attempting to establish new product offerings or dispensary services, the Company may incur significant expenses and face various other challenges, such as expanding the Company's work force and management personnel to cover these markets and complying with complicated cannabis regulations that apply to these markets. In addition, the Company may not successfully demonstrate the value of these product offerings and dispensary services to consumers, and failure to do so would compromise the Company's ability to successfully expand these additional revenue streams.

The Company may acquire other companies or technologies.

The Company's success will depend, in part, on the Company's ability to grow its business in response to the demands of consumers and other constituents within the cannabis industry as well as competitive pressures. In some circumstances, the Company may determine to do so through the acquisition of complementary businesses rather than through internal development. The identification of suitable acquisition candidates can be difficult, time-consuming, and costly, and the Company may not be able to successfully complete identified acquisitions. In addition, the Company may not realize the expected benefits from completed acquisitions. The risks the Company faces in connection with acquisitions include:

- diversion of management time and focus from operating the Company's business to addressing acquisition integration challenges;
- coordination of research and development and sales and marketing functions;
- retention of employees from the acquired company;
- cultural challenges associated with integrating employees from the acquired company into the Company;
- integration of the acquired company's accounting, management information, human resources, and other administrative systems;
- the need to implement or improve controls, procedures, and policies at a business that prior to the acquisition may have lacked effective controls, procedures and policies;
- potential write-offs of intangible assets or other assets acquired in transactions that may have an adverse effect on the Company's operating results in a given period;
- liability for activities of the acquired company before the acquisition, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities, and other known and unknown liabilities; and
- litigation or other claims in connection with the acquired company, including claims from terminated employees, consumers, former stockholders, or other third parties.

The Company's failure to address these risks or other problems encountered in connection with any future acquisitions or investments could cause the Company to fail to realize the anticipated benefits of these acquisitions or investments, cause the Company to incur unanticipated liabilities, and harm the Company's business generally. Future acquisitions could also result in the incurrence of debt, contingent liabilities, amortization expenses, or the impairment of goodwill, any of which could harm the Company's financial condition.

The Company may issue additional Subordinate Voting Shares in connection with such transactions, which would dilute the Company's other shareholders' interests in us. The presence of one or more material liabilities of an acquired company that are unknown to the Company at the time of acquisition could have a material adverse effect on our business, results of operations, prospects and financial condition. A strategic transaction may result in a significant change in the nature of the Company's business, operations and strategy. In addition, the Company may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Company's operations.

If the Company cannot manage growth, it could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company may be subject to growth-related risks, including capacity constraints and pressure on the Company's internal systems and controls. The Company's ability to manage growth effectively will require the Company to continue to implement and improve the Company's operational and financial systems and to expand, train and manage the Company's employee base. The Company's inability to successfully manage growth may have a material adverse effect on the Company's business, financial condition, results of operations or prospects.

The Company has a history of sustained losses and negative cash flow from operations, and the Company expects to incur significant ongoing costs and obligations related to investment in infrastructure, growth, regulatory compliance and operations and may not be able to achieve profitability.

The Company has sustained net losses from operations and negative cash flow from operating activities in the past and may incur such losses and negative operating cash flow in the future. The Company incurred a net loss of $210.6 million for the year ended December 31, 2020. The Company expects to incur significant ongoing costs and obligations related to investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Company's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increase the Company's compliance costs or give rise to material liabilities, which could have a material adverse effect on the Company's business, results of operations and financial condition. The Company's efforts to grow its business may be more costly than expected, and the Company may not be able to increase our revenue enough to offset these higher operating expenses. The Company may incur significant losses in the future for a number of reasons, including unforeseen expenses, difficulties, complications and delays, and other unknown events. If the Company is unable to achieve and sustain profitability, the market price of the Company's securities may significantly decrease.

The Company expects to incur significant ongoing costs and obligations related to investment in infrastructure, growth, regulatory compliance and operations.

The Company expects to incur significant ongoing costs and obligations related to investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Company's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Company's operations, increase the Company's compliance costs or give rise to material liabilities, which could have a material adverse effect on the Company's business, results of operations and financial condition. The Company's efforts to grow its business may be more costly than expected, and the Company may not be able to increase our revenue enough to offset these higher operating expenses. The Company may incur significant losses in the future for a number of reasons, including unforeseen expenses, difficulties, complications and delays, and other unknown events. If the Company is unable to achieve and sustain profitability, the market price of the Company's securities may significantly decrease.

The market for the Subordinate Voting Shares may be limited for holders of the Company's securities who live in the U.S.

Given the heightened risk profile associated with cannabis in the U.S., capital markets participants may be unwilling to assist with the settlement of trades for U.S. resident securityholders of companies with operations in the U.S. cannabis industry, which may prohibit or significantly impair the ability of securityholders in the U.S. to trade the Company's securities. In the event residents of the U.S. are unable to settle trades of the Company's securities, this may affect the pricing of such securities in the secondary market, the transparency and availability of trading prices and the liquidity of these securities.

The COVID-19 pandemic could adversely affect the Company's business, financial condition and results of operations.

The COVID-19 pandemic has severely restricted the level of economic activity around the world, including where the Company operates in the U.S. In response to the COVID-19 pandemic the governments of many countries, states, provinces, municipalities and other geographic regions have taken preventative or protective actions, such as imposing restrictions on travel and business operations, ordering temporary closures of businesses and advising or requiring individuals to limit or forego their time outside of their homes. Numerous businesses have temporarily closed voluntarily or closed permanently. Although some preventative or protective actions have been eased or lifted in varying degrees by different governments of various countries, states and municipalities, COVID-19, including new and highly contagious variants of COVID-19, continues to spread quickly throughout the world. Notwithstanding widespread vaccine availability within the U.S., the emergence of COVID-19 variants and slowing vaccination rates in certain localities have resulted in increased infection rates and has caused, and may continue to cause, several jurisdictions to reinstitute certain COVID-19 restrictions. Additional waves of increased COVID-19 infections as well as COVID-19 related restrictions imposed by various governmental authorities (including, for example, requirements to show proof of vaccination), could negatively impact the Company's supply chain, as well as traffic and sales volume for the Company's products, which in turn could have an adverse effect on the Company's business, financial condition and results of operations.

While many closures or restrictions have eased as the spread of COVID-19 and infection rates decline, if the pandemic persists, including if and when new variants of the virus emerge, closures or other restrictions on the conduct of the Company's business operations or of third party manufacturers, suppliers or vendors could disrupt the Company's supply chain. Quarantines, shelter-in-place and similar government orders, or the perception that such orders, shutdowns or other restrictions on the conduct of business operations could occur, could impact personnel or the availability or cost of materials, which could in turn disrupt the Company's supply chain. In addition, as a result of COVID-19, the Company has in certain cases implemented work-from-home policies for certain employees, and the effects of the Company's work-from-home policies may negatively impact productivity, disrupt access to books and records, increase cybersecurity risks and the risk of inadvertent disclosure of confidential information and disrupt the Company's business. In addition, the continued spread of COVID-19 could result in under-utilization of the Company's assets as a result of disruptions in labor supply, as well as delays and increased costs in construction and expansion projects.

The global impact of the COVID-19 pandemic continues to evolve rapidly, and the extent of its effect on the Company's operational and financial performance will depend on future developments, which are highly uncertain, including the duration, scope and severity of the pandemic, the development and availability of effective treatments and vaccines, further actions taken by governments and other third parties to contain or mitigate its impact, the direct and indirect economic effects of the pandemic and related containment measures, and new information that will emerge concerning the severity and impact of COVID-19 and new variants of the virus, among others. Even after the COVID-19 pandemic subsides, the Company's businesses could also be negatively impacted should the effects of the COVID-19 pandemic lead to changes in consumer behavior, such as reductions in discretionary spending. In addition, a severe or prolonged recession resulting from the COVID-19 pandemic would likely materially affect the Company's business and the value of the Company's Subordinated Voting Shares.

The Company expects to be subject to taxation in both Canada and the U.S., which could have a material adverse effect on the Company's financial condition and results of operations.

The Company is a Canadian corporation, and as a result generally would be classified as a non-U.S. corporation under the general rules of U.S. federal income taxation. Section 7874 of the Code, however, 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 of the U.S. will nevertheless be treated as a U.S. corporation for U.S. federal income tax purposes, which is referred to as an inversion, if each of the following three conditions are 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 constituting a 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 acquired U.S. corporation or acquired 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.

Pursuant to Section 7874 of the Code, the Company is classified as a U.S. corporation for U.S. federal income tax purposes and are subject to U.S. federal income tax on the Company's worldwide income. Regardless of any application of Section 7874 of the Code, however, the Company expects to be treated as a Canadian resident company for purposes of the Canadian Income Tax Act, as amended. 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 the Company's financial condition and results of operations.

The Company is a holding company and the Company's ability to pay dividends or make other distributions to shareholders may be limited.

The Company is a holding company and essentially all of the Company's assets are the capital stock of the Company's subsidiaries. The Company currently conducts substantially all of its business through its subsidiaries, which currently generate substantially all of the Company's revenues. Consequently, the Company's cash flows and ability to complete current or desirable future growth opportunities are largely dependent on the earnings of the Company's subsidiaries and the distribution of those earnings to the Company. The ability of the Company's subsidiaries to pay dividends and other distributions will depend on those subsidiaries' operating results and will be subject to applicable laws and regulations that require that solvency and capital standards be maintained by a subsidiary company and contractual restrictions contained in the instruments governing any current or future indebtedness of the Company's subsidiaries. In the event of a bankruptcy, liquidation or reorganization of the Company's subsidiaries, holders of indebtedness and trade creditors of that subsidiary may be entitled to payment of their claims from that subsidiary's assets before the Company or its shareholders would be entitled to any payment or residual assets.

The Company faces increasing competition that may materially and adversely affect the Company's business, financial condition and results of operations.

The Company faces competition from companies that may have greater capitalization, access to public equity markets, longer operating histories and more manufacturing, retail and marketing experience than us. As the Company executes its growth strategy, operators in markets the Company enters in the future will become direct competitors, and the Company is likely to continue to face increasing and intense competition from these companies. Increased competition by larger and better financed competitors could materially and adversely affect our business, financial condition and results of operations.

If the number of users of adult-use and medical marijuana in the U.S. increases, the demand for products will increase. Consequently, the Company expects that competition will become more intense as current and future competitors begin to offer an increasing number of diversified products to respond to such increased demand. To remain competitive, the Company will require a continued investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain sufficient levels of investment in research and development, marketing, sales and client support efforts to remain competitive, which could materially and adversely affect the Company's business, financial condition and results of operations.

The cannabis industry is undergoing rapid growth and substantial change, which have resulted in an increase in competitors, consolidation and the formation of strategic relationships. Acquisitions or other consolidating transactions could harm the Company in a number of ways, including losing customers, revenue and market share, or forcing the Company to expend greater resources to meet new or additional competitive threats, all of which could harm the Company's operating results. As competitors enter the market and become increasingly sophisticated, competition in our industry may intensify and place downward pressure on retail prices for the Company's products and services, which could negatively impact the Company's profitability.

The Company may not be able to accurately forecast operating results and plan operations due to uncertainties in the cannabis industry.

Because U.S. federal and state laws prevent widespread participation in and otherwise hinder market research in the medical and adult-use cannabis industry, the third-party market data available to us is limited and unreliable. Accordingly, the Company must rely largely on the Company's own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis industry. The Company's market research and projections 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 date of this MD&A. A failure in the demand for the Company's products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the Company's business, results of operations, financial condition or prospects.

The Company is subject to risks related to growing an agricultural product.

The Company's business involves the growing of cannabis, an agricultural product. Such business is subject to the risks inherent in the agricultural business, such as losses due to infestation by insects or plant diseases and similar agricultural risks. Although much of the Company's growing is expected to be completed indoors, there can be no assurance that natural elements will not have a material adverse effect on the Company's future production.

The Company is highly dependent on certain key personnel.

The Company depends on key managerial personnel, including James Cacioppo, our Chief Executive Officer and Chairman, for our continued success, and our anticipated growth may require additional expertise and the addition of new qualified personnel. Qualified individuals within the cannabis industry are in high demand and the Company may incur significant costs to attract and retain qualified management personnel, or be unable to attract or retain personnel necessary to operate or expand the Company's business. The loss of the services of existing personnel or the Company's failure to recruit additional key managerial personnel in a timely manner, or at all, could harm the Company's business development programs and the Company's ability to manage day-to-day operations, attract collaboration partners, attract and retain other employees, and generate revenues, and could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company faces inherent risks of liability claims related to the use of our products.

As a distributor of products designed to be ingested by humans, the Company faces an inherent risk of exposure to product liability claims, regulatory action and litigation if our products cause or are alleged to have caused significant loss or injury. The Company may be subject to various product liability claims, including, among others, that the Company's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Company, whether or not successful, could result in materially increased costs, adversely affect the Company's reputation with clients and consumers generally, and have a material adverse effect on the Company's results of operations and financial condition.

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect the Company's business. Should any litigation in which the Company becomes involved be determined against us, such a decision could adversely affect the Company's ability to continue operating and the market price for the Subordinate Voting Shares. Even if the Company achieves a successful result in any litigation in which the Company is involved, the costs of litigation and redirection of Company management's time and attention could have an adverse effect on the Company's results of operations and financial condition.

Consumer preferences may change, and the Company may be unsuccessful in acquiring or retaining consumers and keeping pace with changing market developments. This could result in lower than expected demand for the Company's products, which could adversely affect the Company's revenues.

As a result of constantly changing consumer preferences, consumer products often attain financial success for a limited period of time. Even if the Company's products achieve financial success, there can be no assurance that the Company is able to maintain that success or that those products will enable the Company to continue to be profitable. The Company's success will be significantly dependent upon the Company's ability to develop new and improved product lines and adapt to consumer preferences. Even if the Company is successful in introducing new products or further developing current products, the failure of those products to gain consumer acceptance or the failure to update products in ways that customers expect could cause a decline in the products' popularity and impair the Company's brand. In addition, the Company may be required to invest significant amounts of capital in the creation of new product lines, brands, marketing campaigns, packaging and other product features—none of which are guaranteed to be successful. Failure to introduce new features and product lines and to achieve and sustain market acceptance, or the Company's inability to satisfy consumer preferences, could adversely affect the Company's ability to generate sufficient revenue in order to maintain profitability.

The cannabis industry is in its early stages of development and it is likely that the Company, and its competitors, will seek to introduce new products in the future. The Company may not be successful in developing effective and safe new products, anticipating shifts in social trends and consumer demands, 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's business and results of operations.

The Company's medical marijuana business may be impacted by consumer perception of the cannabis industry, which the Company cannot control or predict.

The Company believes that the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of medical marijuana distributed to those consumers. Consumer perception of the Company's products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical marijuana market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Company's products and the Company's business, results of operations, financial condition and cash flows.

Product recalls could result in a material and adverse impact on the Company's business, financial condition and results of operations.

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. If any of the Company's 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. Although the Company has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Company's significant brands were subject to recall, the image of that brand and the Company generally could be harmed. Any recall could lead to decreased demand for the Company's products and could have a material adverse effect on the Company's results of operations and financial condition. Additionally, product recalls may lead to increased scrutiny of the Company's operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses.

If securities or industry analysts do not publish research, or publish inaccurate or unfavorable research, about the Company's business or our market, the Company's share price and trading volume could decline.

The trading market for the Company's Subordinate Voting Shares will depend, in part, on the research and reports that securities or industry analysts publish about the Company or its business, market or competitors. The Company does not have any control over these analysts. If one or more of the analysts who cover the Company downgrade the Company's Subordinated Voting Shares or publish inaccurate or unfavorable research about the Company's business or industry, the trading price of the Company's shares would likely decline. In addition, if the Company's operating results fail to meet the forecast of analysts, the Company's share price would likely decline. If one or more of these analysts cease coverage of the Company or fail to publish reports on us regularly, demand for the Company's shares could decrease, which might cause the Company's share price and trading volume to decline.

The Company is subject to security risks related to our products as well as our information and technology systems.

Given the nature of the Company's products and their limited legal availability, the Company is at significant risk of theft at our facilities. A security breach at one of the Company's facilities could expose the Company to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential patients from choosing the Company's products.

In addition, the Company collect and store personal information about our patients and is responsible for protecting that information from privacy breaches. The Company stores certain personally identifiable information and other confidential information of our customers on our systems and applications. Though we maintain robust, proprietary security protocols, the Company may experience attempts by third parties to obtain unauthorized access to the personally identifiable information and other confidential information of our customers. This information could also be otherwise exposed through human error or malfeasance. The unauthorized access or compromise of this personally identifiable information and other confidential information could have a material adverse impact on the Company's business, financial condition and results of operations.

A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on the Company's business, financial condition and results of operations.

Our operations depend and will depend, in part, on how well the Company protects its networks, equipment, information technology, or IT, systems and software against damage from a number of threats, including, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Company's operations also depend and will continue to depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as preemptive 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 has a substantial level of indebtedness, and the Company may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy the Company's obligations under the Company's indebtedness, which may not be successful. The terms of the Company's indebtedness may also impair the Company's ability to respond to changing business and economic conditions and may seriously harm the Company's business.

The Company had $152.7 million of indebtedness, excluding leases and property, plant, and equipment financing obligations, as of December 31, 2021. The Company has incurred significant indebtedness under our 10% senior notes, Acquisition Facility (as defined herein) and certain acquisition-related promissory notes to fund working capital and other cash needs and to fund acquisitions. The Company expects to incur additional indebtedness in the future, particularly if the Company uses remaining borrowing availability under the Acquisition Facility to finance all or a portion of any future acquisitions. In addition, the terms of the Company's existing debt instruments require, and any debt instruments the Company enters into in the future may require, that the Company comply with certain restrictions and covenants. These covenants and restrictions, as well as any significant increase in the Company's indebtedness, could adversely impact the Company for a number of reasons, including:

- resulting in an event of default if the Company fails to satisfy our obligations under the Company's outstanding debt or fail to comply with the financial or other restrictive covenants contained in the agreements governing the Company's other indebtedness, which event of default could result in all of the Company's debt becoming immediately due and payable and could permit the Company's lenders and noteholders to foreclose on the assets securing any such debt;
- increasing the Company's vulnerability to general economic and industry conditions;
- requiring a substantial portion of the Company's cash flow from operations to be dedicated to the payment of principal and interest on the Company's indebtedness, therefore reducing the Company's ability to use its cash flow to fund operations, capital expenditures and future business opportunities;
- limiting the Company's ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes; and
- limiting the Company's ability to adjust to changing market conditions and placing the Company at a competitive disadvantage compared to the Company's competitors who have less debt.

The Company's ability to make scheduled payments on or to refinance the Company's debt obligations depends on the Company's financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business and other factors beyond the Company's control. The Company cannot assure that the Company will generate a level of cash flows from operating activities sufficient to permit the Company to pay the principal, premium, if any, and interest on the Company's indebtedness.

If the Company's cash flows and capital resources are insufficient to fund the Company's debt service obligations or if the Company's is unable to refinance existing indebtedness on favorable terms, the Company may be forced to reduce or delay capital expenditures, sell assets, seek additional capital or restructure or refinance the Company's indebtedness. These alternative measures may not be successful and thus render the Company's unable to meet scheduled debt service obligations. In the absence of such operating results and resources, the Company could face substantial liquidity problems and might be required to dispose of material assets or operations to meet the Company's debt service and other obligations, the terms of the Company's debt instruments may prohibit such dispositions. The Company may not otherwise be able to consummate those dispositions or be able to obtain the proceeds which the Company could realize from them and any such proceeds received may not be adequate to meet any debt service obligations then due, which would seriously harm the Company's business and prospects.

The Company is subject to labor risks and a dispute with the Company's employees or labor unions could have an adverse effect on the Company's results of operations.

Labor unions are working to organize workforces in the cannabis industry in general. As of December 31, 2021, approximately 105 of the Company's employees are covered by collective bargaining agreements with labor unions, and it is possible that employees in certain other facilities or dispensaries will be organized in the future, which could lead to work stoppages or increased labor costs and adversely affect the Company's business, profitability and the Company's ability to reinvest into the growth of the Company's business. Labor unions may also limit the Company's flexibility in dealing with the Company's workforce. Work stoppages and instability in the Company's union relationships could delay the production and sale of the Company's products, which could strain relationships with customers and cause a loss of revenues which would adversely affect the Company's operations.

Reliance on Third-Party Suppliers, Manufacturers and Contractors; Reliance on Key Inputs

The Company's business is dependent on a number of key inputs from third-parties and their related costs including raw materials and supplies related to its cultivation and manufacturing operations, as well as electricity, water and other local utilities. Due to the uncertain regulatory landscape for regulating cannabis in the U.S., the Company's third-party suppliers, manufacturers and contractors may elect, at any time, to decline or withdraw services necessary for the Company's operations. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs from third-parties 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 in the future. If the Company becomes reliant upon a sole source supplier and that supplier was to go out of business or suspend services, the Company might be unable to find a replacement for such source in a timely manner or at all. Similarly, if any future sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to the Company in the future. Additionally, any supplier could at any time suspend or withdraw services. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the Company's business, financial condition and operating results.

The Company relies on key utility services.

The Company's business is dependent on a number of key inputs and their related costs, including raw materials and supplies related to the Company's growing operations, as well as electricity, water and other local utilities. The Company's cannabis growing operations consume and will continue to consume considerable energy, which makes the Company vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the Company's business and the Company's ability to operate profitably. Additionally, any significant interruption or negative change in the availability or economics of the supply chain for the Company's key inputs could materially impact the Company's business, financial condition and operating results. If the Company is unable to secure required supplies and services on satisfactory terms, it could have a materially adverse impact on the Company's business, financial condition and operating results.

Inflation could pose a risk to our business.

A continued upward rate of inflation could influence the profits that the Company generates from its business. When the rate of inflation rises, the operational costs of running the Company also increases, such as labor costs, raw materials and public utilities, thus affecting the Company's ability to provide the Company's services at competitive prices. An increase in the rate of inflation could force the Company's customers to search for other products, causing the Company to lose business and revenue.

Risks Related to the Regulatory Environment

Cannabis is illegal under U.S. federal law.

In the U.S., cannabis is largely regulated at the state level. Each state in which the Company operates (or are currently proposing to operate) authorizes, as applicable, medical and/or adult-use cannabis production and distribution by licensed or registered entities, and numerous other states have legalized adult-use of cannabis in some form. However, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminalized under the Controlled Substances Act ("CSA"). Cannabis is a Schedule I controlled substance under the CSA, and is thereby deemed to have a high potential for abuse, no accepted medical use in the U.S., and a lack of safety for use under medical supervision. The concepts of "medical cannabis," "retail cannabis" and "adult-use cannabis" do not exist under U.S. federal law. Although the Company believes that its business activities are compliant with applicable state and local laws in the U.S., strict compliance with state and local cannabis laws would not provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings may result in a material adverse effect on the Company. The Company derives 100% of its revenues from the cannabis industry. The enforcement of applicable U.S. federal laws poses a significant risk to the Company.

Violations of any U.S. federal laws and regulations could result in significant fines, penalties, administrative sanctions, or settlements arising from civil proceedings conducted by either the U.S. federal government or private citizens. The Company 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's reputation and ability to conduct its 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 its 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.

The regulation of cannabis in the U.S. is uncertain.

The Company's activities are subject to regulation by various state and local governmental authorities. The Company's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals necessary for the sale of the Company's products in the jurisdictions in which the Company operates. Any delays in obtaining or failure to obtain necessary regulatory approvals would significantly delay the Company's development of markets and products, which could have a material adverse effect on the Company's business, results of operations and financial condition. Furthermore, although the Company believes that our operations are currently carried out in accordance with all applicable state and local rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail the Company's ability to distribute or produce marijuana. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of marijuana, or more stringent implementation thereof could have a substantial adverse impact on the Company.

Government inquiries and investigations could harm the Company's business or reputation.

As the regulatory framework for cannabis continues to evolve in the U.S., government officials often exercise broad discretion in deciding how to interpret and apply applicable local, state and federal laws or regulations. In the future, the Company may receive formal and informal inquiries from or become subject to investigations by various governmental regulatory authorities regarding the Company's business and compliance with federal, state and local laws, regulations, or standards. Any determination or allegation that the Company's products, operations or activities, or the activities of the Company's employees, contractors or agents, are not in compliance with existing laws, regulations or standards, could adversely affect the Company's business in a number of ways. Even if such inquiries or investigations do not result in the imposition of fines, interruptions to the Company's business, loss of suppliers or other third-party relationships, terminations of necessary licenses and permits, the existence of those inquiries or investigations alone could create negative publicity that could harm our business or reputation.

The Company is constrained by law in its ability to market its products in the jurisdictions in which it operates.

State and local jurisdictions enforce extensive and detailed requirements applicable to cannabis products in their jurisdiction. In addition, the Federal Trade Commission (the "FTC") regulates advertising of consumer products generally, imposes requirements regarding the use and content of testimonials and endorsements, and also requires that advertising claims be adequately substantiated. As such,the Company's brand and portfolio of products must be specifically tailored, and our marketing activities carefully structured, to comply with the state and local regulations, as well as the FTC's rules and regulations. These restrictions may preclude the Company from effectively marketing the Company's products and competing for market share, or impose costs on the Company that cannot be absorbed through increased selling prices for the Company's products.

Anti-Money Laundering Laws in the U.S. may limit access to funds from banks and other financial institutions.

In February 2014, the Treasury Department Financial Crimes Enforcement Network (FinCEN) issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis businesses, including burdensome due diligence expectations and reporting requirements. While the guidance advised prosecutors not to focus their enforcement efforts on banks and other financial institutions that serve marijuana-related businesses, so long as they meet certain conditions, this guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the U.S. Department of Justice (the DOJ), FinCEN, or other federal regulators. Because of this and the fact that the guidance may be amended or revoked at any time, most banks and other financial institutions have not been willing to provide banking services to cannabis-related businesses. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Company may have limited or no access to banking or other financial services in the U.S., and may have to operate our U.S. business on an all-cash basis. If the Company is unable or limited in its ability to open or maintain bank accounts, obtain other banking services or accept credit card and debit card payments, it may be difficult for the Company to operate and conduct its business as planned. Although, the Company is actively pursuing alternatives that ensure our operations will continue to be compliant with the FinCEN guidance (including requirements related to disclosures about cash management and U.S. federal tax reporting), the Company may not be able to meet all applicable requirements.

The Company is also subject to a variety of laws and regulations in the U.S. 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 Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S.

In the event that any of the Company's operations or related activities in the U.S. were found to be in violation of money laundering legislation or otherwise, those transactions could 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 Company's ability to declare or pay dividends or effect other distributions.

The re-classification of cannabis or changes in U.S. controlled substance laws and regulations could have a material adverse effect on the Company's business, financial condition and results of operations.

If cannabis is re-classified as a Schedule II or lower controlled substance under the CSA, the ability to conduct research on the medical benefits of cannabis would most likely be more accessible; however, if cannabis is re-classified as a Schedule II or lower controlled substance, the resulting re-classification would result in the need for approval by the U.S. Food and Drug Administration (the FDA) if medical claims are made about the Company's medical cannabis products. As a result of such a re-classification, the manufacture, importation, exportation, domestic distribution, storage, sale and use of such products could become subject to a significant degree of regulation by the U.S. Drug Enforcement Administration (the DEA). In that case, the Company may be required to be registered to perform these activities and have the security, control, recordkeeping, reporting and inventory mechanisms required by the DEA to prevent drug loss and diversion. Obtaining the necessary registrations may result in delay of the manufacturing or distribution of the Company's products. The DEA conducts periodic inspections of registered establishments that handle controlled substances. Failure to maintain compliance could have a material adverse effect on the Company's business, financial condition and results of operations. The DEA may seek civil penalties, refuse to renew necessary registrations, or initiate proceedings to restrict, suspend or revoke those registrations. In certain circumstances, violations could lead to criminal proceedings.

Potential regulation by the FDA could have a material adverse effect on the Company's business, financial condition and results of operations.

Should the U.S. federal government legalize cannabis, it is possible that the FDA would seek to regulate it under the Food, Drug and Cosmetics Act of 1938. Additionally, the FDA may issue rules and regulations, including good manufacturing practices related to the growth, cultivation, harvesting and processing of medical cannabis. Clinical trials may be needed to verify efficacy and safety of our medical cannabis products. It is also possible that the FDA would require that facilities where medical-use cannabis is grown register with the agency and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, the impact on the cannabis industry is uncertain and could include the imposition of new costs, requirements, and prohibitions. If the Company is unable to comply with the regulations or registration as prescribed by the FDA, it may have an adverse effect on the Company's business, operating results, and financial condition.

The Company could be materially adversely impacted due to restrictions under U.S. border entry laws.

Because cannabis remains illegal under U.S. federal law, those investing in Canadian companies with operations in the U.S. cannabis industry could face detention, denial of entry or lifetime bans from the U.S. as a result of their business associations with U.S. cannabis businesses. Entry into the U.S. happens at the sole discretion of U.S. Customs and Border Patrol (CBP) officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a non-U.S. citizen or foreign national. The government of Canada has warned travelers on its website that previous use of cannabis, or any substance prohibited by U.S. federal law, could mean denial of entry to the U.S. Business or financial involvement in the cannabis industry in the U.S. could also be reason enough for denial of entry into the U.S. 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 Canada's legalization of cannabis will not change CBP enforcement of U.S. laws regarding controlled substances. According to the statement, because cannabis continues to be a controlled substance under U.S. law, working in or facilitating the proliferation of the marijuana industry in U.S. states where it is legal under state law may affect admissibility to the U.S. On October 9, 2018, the CBP released an additional statement regarding the admissibility of Canadian citizens working in the legal cannabis industry in Canada. CBP stated that a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada who seeks to come into the U.S. for reasons unrelated to the cannabis industry will generally be admissible to the U.S.; however, if such person is found to be coming into the U.S. for reasons related to the cannabis industry, such person may be deemed inadmissible. As a result, the CBP has affirmed that employees, directors, officers and managers of and investors in companies involved in business activities related to cannabis in the U.S. (such as the Company), who are not U.S. citizens face the risk of being barred from entry into the U.S. for life.

As a cannabis company, the Company may be subject to heightened scrutiny in Canada and the U.S. that could materially adversely impact the liquidity of the Subordinate Voting Shares.

The Company's existing operations in the U.S., and any future operations, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in the U.S. and Canada.

Given the heightened risk profile associated with cannabis in the U.S., The Canadian Depository of Securities, or CDS, may implement procedures or protocols that would prohibit or significantly impair the ability of CDS to settle trades for companies that have cannabis businesses or assets in the U.S.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group, the parent company of CDS, announced the signing of a Memorandum of Understanding, which the Company refers to as the TMX MOU, with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The TMX 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 TMX 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 assurances given that this approach to regulation will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of the Subordinate Voting Shares to settle trades. In particular, the Subordinate Voting Shares would become highly illiquid until an alternative was implemented and investors would have no ability to effect a trade of the Subordinate Voting Shares through the facilities of a stock exchange.

The Company may not be able to locate and obtain the rights to operate at preferred locations.

In Massachusetts and other states, the local municipality has authority to choose where any cannabis establishment will be located. These authorized areas are frequently removed from other retail operations. Because the cannabis industry remains illegal under U.S. federal law, the disadvantaged tax status of businesses deriving their income from cannabis, and the reluctance of the banking industry to support cannabis businesses, it may be difficult for the Company to locate and obtain the rights to operate at various preferred locations. Property owners may violate their mortgages by leasing to the Company, and those property owners that are willing to allow use of their facilities may require payment of above fair market value rents to reflect the scarcity of such locations and the risks and costs of providing such facilities.

As a cannabis business, the Company is subject to certain tax provisions that have a material adverse effect on the Company's business, financial condition and results of operations.

Under Section 280E of the U.S. Internal Revenue Code of 1986, as amended (the Code) "no deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted." This provision has been applied by the U.S. Internal Revenue Service (the IRS) to cannabis operations, prohibiting them from deducting expenses directly associated with the sale of cannabis. Section 280E of the Code may have a lesser impact on cannabis cultivation and manufacturing operations than on sales operations. Section 280E of the Code and related IRS enforcement activity has had a significant impact on the operations of cannabis companies. As a result of Section 280E of the Code, an otherwise profitable business may, in fact, operate at a loss, after taking into account its U.S. income tax expenses.

The Company may not have access to U.S. bankruptcy protections available to non-cannabis businesses.

Because cannabis is a Schedule I controlled substance under the CSA, many courts have denied cannabis businesses federal bankruptcy protections, making it difficult for lenders to be made whole on 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 would have a material adverse effect on the Company and may make it more difficult for the Company to obtain debt financing.

There is doubt regarding our ability to enforce contracts.

It is a fundamental principle of law that a contract will not be enforced if it involves a violation of law or public policy. Because cannabis remains illegal at a federal level in the U.S., judges in multiple states have on a number of occasions refused to enforce contracts for the repayment of money when the loan was used in connection with activities that violate U.S. federal law, even if there is no violation of state law. There remains doubt and uncertainty that the Company will be able to legally enforce our contracts. If the Company is unable to realize the benefits of or otherwise enforce the contracts into which the Company enters, it could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company is subject to limits on its ability to own the licenses necessary to operate its business, which will adversely affect the Company's ability to grow its business and market share in certain states.

In certain states, the cannabis laws and regulations limit not only the number of cannabis licenses issued, but also the number of cannabis licenses that one person or entity may own in that state. For example, in Massachusetts, no person or entity may have an ownership interest in, or control over, more than three medical licenses or three adult-use licenses in any category, which include cultivation, product manufacturing, transport or retail. Such limitations on the acquisition of ownership of additional licenses within certain states may limit the Company's ability to grow organically or to increase the Company's market share in affected states.

The Company may not be able to adequately protect our intellectual property.

As long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance under the CSA, the benefit of certain federal laws and protections that may be available to most businesses, such as federal trademark and patent protection, may not be available to the Company. As a result, the Company's intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, the Company can provide no assurance that the Company will ever obtain any protection for its intellectual property, whether on a federal, state or local level.

The Company's property is subject to risk of civil asset forfeiture.

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

The Company may be at a higher risk of IRS audit.

The Company believes there is a greater likelihood that the Internal Revenue Service will audit the tax returns of cannabis-related businesses. Any such audit of our tax returns could result in the Company being required to pay additional tax, interest and penalties, as well as incremental accounting and legal expenses, which could be material.

The Company may be unable to obtain adequate insurance coverage.

The Company has obtained insurance coverage with respect to workers' compensation, general liability, directors' and officers' liability, fire and other similar policies customarily obtained for businesses to the extent commercially appropriate; however, because the Company is engaged in and operate within the cannabis industry, there are exclusions and additional difficulties and complexities associated with the Company's insurance coverage that could cause the Company to suffer uninsured losses, which could adversely affect the Company's business, results of operations, and profitability. There is no assurance that the Company will be able to obtain insurance coverage at a reasonable cost or fully utilize such insurance coverage, if necessary.

The Company could be subject to criminal prosecution or civil liabilities under RICO.

RICO criminalizes the use of any profits from certain defined "racketeering" activities in interstate commerce. While intended to provide an additional cause of action against organized crime, due to the fact that cannabis is illegal under U.S. federal law, the production and sale of cannabis qualifies cannabis related businesses as "racketeering" as defined by RICO. As such, all officers, managers and owners in a cannabis related business could be subject to criminal prosecution under RICO, which carries substantial criminal penalties.

RICO can create civil liability as well: persons harmed in their business or property by actions which would constitute racketeering under RICO often have a civil cause of action against such "racketeers," and can claim triple their amount of estimated damages in attendant court proceedings. Jushi or its subsidiaries, as well as its officers, managers and owners could all be subject to civil claims under RICO.

Risks Related to Owning The Company's Subordinate Voting Shares

Return on Subordinate Voting Shares is not guaranteed.

There is no guarantee that the Subordinate Voting Shares will earn any positive return in the short-term or long-term. A holding of Subordinate Voting Shares is speculative and involves a high degree of risk and should be undertaken only by holders whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. A holding of Subordinate Voting Shares is appropriate only for holders who have the capacity to absorb a loss of some or all of their holdings.

Raising additional capital may cause dilution to our shareholders.

Until such time, if ever, as the Company can generate substantial revenue, the Company may finance our cash needs through a combination of equity offerings, debt financings, marketing and distribution arrangements and other collaborations, strategic alliances and licensing arrangements or other sources. The Company does not currently have any committed external source of funds. In addition, the Company may seek additional capital due to favorable market conditions or strategic considerations, even if the Company believes that it have sufficient funds for its current or future operating plans.

To the extent that the Company raises additional capital through the sale of equity or convertible debt securities, ownership interests of existing shareholders will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect the rights of common shareholders. Debt financing and preferred equity financing, if available, may involve agreements that include covenants limiting or restricting the Company's ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. If the Company is unable to raise additional funds through equity or debt financings when needed, the Company may be required to delay, limit, reduce or terminate product candidate development or future commercialization efforts

Sales of substantial amounts of Subordinate Voting Shares by the Company's existing shareholders in the public market may have an adverse effect on the market price of the Subordinate Voting Shares.

Sales of a substantial number of Subordinate Voting Shares in the public market could occur at any time. These sales, or the perception in the market that holders of a large number of shares intend to sell shares, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Subordinate Voting Shares. As of May 4, 2022, the Company has an aggregate of 194,542,278 Subordinate Voting Shares issued and outstanding (excluding securities convertible into or exercisable for Subordinate Voting Shares). A decline in the market prices of the Subordinate Voting Shares could impair the Company's ability to raise additional capital through the sale of securities should the Company desire to do so.

The market price for the Subordinate Voting Shares has been and is likely to continue to be volatile.

The market price for the Subordinate Voting Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which will be beyond the Company's control, including, but not limited to, the following: (i) actual or anticipated fluctuations in the Company's quarterly results of operations; (ii) recommendations by securities research analysts; (iii) changes in the economic performance or market valuations of companies in the cannabis industry; (iv) additions or departures of the Company's executive officers and other key personnel; (v) release or expiration of transfer restrictions on the Company's issued and outstanding shares; (vi) regulatory changes affecting the cannabis industry generally and the Company's business and operations; (vii) announcements by the Company and its competitors of developments and other material events; (viii) fluctuations in the costs of vital production materials and services; (ix) changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility; (x) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Company or its competitors; (xi) operating and share price performance of other companies that investors deem comparable to the Company or from a lack of market comparable companies; (xii) false or negative reports issued by individuals or companies who have taken aggressive short sale positions; and (xiii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Company's industry or target markets.

Financial markets have experienced significant price and volume fluctuations that have affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of those companies. Accordingly, the market price of the Subordinate Voting Shares may decline even if the Company's operating results, underlying asset values or prospects have not changed.

These factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Company's operations could be adversely impacted, and the trading price of the Subordinate Voting Shares could be materially adversely affected.

There may not be sufficient liquidity in the markets for our Subordinate Voting Shares.

The Company's Subordinate Voting Shares are listed for trading on the CSE under the trading symbol "JUSH" and quoted on the OTCQX Best Market under the symbol "JUSHF." The liquidity of any market for the Company's Subordinate Voting Shares will depend on a number of factors, including:

- the number of shareholders;
- the Company's operating performance and financial condition;
- the market for similar securities;
- the extent of coverage by securities or industry analysts; and
- the interest of securities dealers in making a market in the shares.

There can be no assurance that an active trading market for the Subordinate Voting Shares, will be sustained.