NOTE TO READER

The Management's Discussion & Analysis of Jushi Holdings Inc. for the interim period ended June 30, 2021 (the “**MD&A**”) has been re-filed on SEDAR as the previously filed MD&A had not been reviewed by the auditor. This MD&A has been reviewed by the auditor and replaces the previously filed MD&A.

JUSHI HOLDINGS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2021 and 2020

(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 June 30, 2021, and for the six 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 and six months ended June 30, 2021 ("the "Quarterly Financial Statements"), and the audited consolidated financial statements and the accompanying notes for the years ended December 31, 2020 and 2019 (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 August 25, 2021 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 August 25, 2021.

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 and Prospectus Supplement dated February 11, 2021 can be found on SEDAR at www.sedar.com.

<u>Forward-Looking Statements</u>

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 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, and California; risks related to the anticipated openings of additional dispensaries in 2021; the risks relating to the expansion and optimization of the grower-processor in Pennsylvania, the vertically integrated facility in Virginia 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 jurisdictions. The Company has targeted assets in highly populated, limited licensed medical markets on a trajectory toward adult-use legalization, including Pennsylvania and Ohio, markets that are in the process of transitioning to adult-use, namely Virginia, and limited license, fast-growing, large adult-use markets, such as Illinois, California, Nevada, and Massachusetts.

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

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

Key Markets Overview

Pennsylvania Operations:

The Company currently operates a total of thirteen medical dispensaries under the BEYOND/HELLO™ brand in Pennsylvania. The Company expects to open the remaining five locations by the end of 2021. The thirteen dispensaries are located in Ardmore, Bethlehem, Bristol, Easton, Hazleton, Irwin, Johnstown, Philadelphia (Center City and Northern Liberties), Reading, Scranton (Moosic Street and Westside), and West Chester, PA.

In August 2020, Jushi acquired 100% of the equity of Pennsylvania Medical Solutions, LLC ("PAMS"), a Pennsylvania grower-processor owned by a subsidiary of Vireo Health International, Inc. The 89,000 sq. ft. cannabis cultivation and processing facility enables wholesale distribution to the 131 dispensaries currently operating, including the Company's thirteen operational BEYOND/HELLO™ dispensaries.

Since closing on the acquisition, Jushi's focus has shifted to redesigning and optimizing the facility to ensure long term growth and market share expansion in the Pennsylvania market. The Company is targeting a series of operations and facility improvements that concurrent with the phased expansion of the Scranton, PA cultivation and processing facility are expected to significantly increase production of both pre-packaged flower and extracted products. 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 12 to 18 months.

~~During the fourth quarter of 2020, the Company exercised and closed on its assignable purchase option to acquire 100 percent of the equity of Pennsylvania Dispensary Solutions ("PADS"), a Pennsylvania medical marijuana dispensary permittee in the Commonwealth's Northeast region. PADS operates two medical marijuana dispensaries, with the right to operate one additional dispensary in the region. The two operating medical marijuana dispensaries have been rebranded to BEYOND/HELLO™~~.

Illinois Operations:

In the first quarter of 2020, Jushi acquired two medical dispensaries in Illinois located in Sauget (adjacent to East St. Louis) and Normal (Bloomington-Normal metro area). Since acquiring the two dispensaries, both locations have been re-branded to BEYOND/HELLO™ and have added adult-use sales. The dispensary in Sauget began adult-use sales in March 2020, and the dispensary in Normal began adult-use sales in May 2020.

Each dispensary was eligible and received regulatory approval to open a second retail location. In December 2020, the Company opened its second adult-use retail location in Sauget, Illinois and third dispensary in the state of Illinois. In January 2021, Jushi opened its second adult-use location in Bloomington-Normal and fourth dispensary in the state of Illinois. The two additional adult-use dispensaries operate under the Company's "BEYOND/HELLO™ retail brand.

Virginia Operations:

In September 2019, Jushi acquired the majority membership interests in Dalitso LLC ("Dalitso"), a Virginia-based pharmaceutical processor for medical cannabis extracts. In November and December 2020, the Company closed a series of transactions pursuant to which Jushi acquired all the remaining equity interests. 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. The Company has completed the phase one build out of its cultivation, manufacturing, retail facility in Prince William County near the City of Manassas and commenced dispensing medical cannabis to registered patients in Virginia on December 1, 2020.

The Company anticipates adding up to five additional BEYOND/HELLO™ branded medical dispensaries to Dalitso's operations in Virginia. These five BEYOND/HELLO™ branded medical dispensaries will be in addition to the pharmaceutical processor facility near the City of Manassas, operated by Dalitso.

In May 2021, Jushi closed on its previously announced acquisition of the 93,000 sq. ft. facility, operated by Dalitso, together with approximately nine acres of surrounding land in Prince William County, Virginia.

In August 2021, Jushi announced a series of upcoming launches of cannabis brands and products in the Commonwealth of Virginia, beginning with the debut of its concentrates brand, The Lab and its chewables brand, Tasteology. In September 2021, the Company expects to launch its flower brands, The Bank and Sèche, pending the Virginia Board of Pharmacy's approval of flower.

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 percent of the state population. This area includes two of Virginia's most densely populated and highest-income counties, Fairfax and Prince William County. In May 2021, the Company piloted a delivery program to registered patients in designated Health Service Area II.

Massachusetts Operations:

In April 2021, Jushi announced that it reached a definitive binding agreement to acquire Nature's Remedy of Massachusetts, Inc. and certain of its affiliates (collectively, "Nature's Remedy"), a vertically integrated single state operator in Massachusetts. Nature's Remedy currently 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 19,500 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 acquisition, which is expected to close in late Q3 of 2021, has cleared the waiting period required under the Hart-Scott-Rodino Antitrust Improvements Act, and remains subject to certain closing conditions, including final approval from the Commonwealth of Massachusetts Cannabis Control Commission.

California Operations:

In July 2020, Jushi acquired GSG SBCA, Inc., a licensed Santa Barbara dispensary. The dispensary was opened in October 2020 and is the 11th BEYOND/HELLO™ retail location nationally. The city of Santa Barbara is a limited license market and currently allows for only three dispensaries to operate in the jurisdiction.

On December 17, 2020, one of the Company's subsidiaries entered into a long-term lease agreement for a bespoke, ground-up build in Culver City. The Company also received approval to move forward in the merit-based application process as one of three selected applicants for a storefront retail (and ancillary delivery) permit in Culver City, California.

In March 2021, the Company closed on its previously announced acquisition of approximately 78% of the equity of a retail license holder located in Grover Beach, California, with the rights to acquire the remaining equity in the future. The city of Grover Beach is a limited license jurisdiction where a maximum of four retail licenses are permitted. Upon completion of the build-out of the new BEYOND/HELLO™ in Q4 2021, this location will be the fourth and final retail dispensary permitted in Grover Beach.

In April 2021, the Company closed on its previously announced acquisition of 100% of the equity of Organic Solutions of the Desert, LLC ("OSD"), an operating dispensary located in Palm Springs, California. OSD is well positioned across the street from Palm Springs International Airport and has ample dedicated parking spots. The Company is in the process of renovating the dispensary, which is expected to be completed in Q4 2021. At completion, the dispensary will feature the Company's new California design concept, including real products on shelves, enhanced product engagement, value add-ons at check-out and mobile point-of-sale and check-in units.

Nevada Operations:

In July 2019, the Company's subsidiary Production Excellence, LLC ("Production Excellence") entered the greater Las Vegas, Nevada market under a management services agreement ("MSA") with Franklin Bioscience NV, LLC ("FBS Nevada"). Pursuant to the transaction in 2019, Jushi purchased the real estate associated with FBS Nevada's facility in North Las Vegas, Nevada.

In April 2021, the Company acquired 100% of the equity ownership of FBS Nevada. FBS Nevada holds medical and adult-use cannabis cultivation, processing and distribution licenses issued by the Nevada Cannabis Control Board. Subsequently, the MSA between Production Excellence and FBS Nevada was terminated. FBS Nevada currently operates cultivation, production and distribution facilities and partners with third-party extractors to sell Jushi branded products in the Nevada wholesale market.

Ohio Operations:

In June 2019, Jushi entered into a management services agreement with Franklin Bioscience OH, LLC, ("FBS – OH"), a licensed medical marijuana processor in Columbus, Ohio. As part of the relationship, Jushi provides ongoing management and consulting services to the processor, including financial assistance and pre-operational support.

New York Operations:

In March 2019, Jushi was awarded an Industrial Hemp CBD Processor License by the New York State Department of Agriculture and Markets through its wholly owned subsidiary, Sound Wellness, LLC. The Company also operates a CBD retail store at the Dent Neurologic Institute in Amherst, New York, where it sells its physician formulated hemp-derived product brand Nira. The Company also sells its Nira branded products through its e-commerce platform (niracbd.com).

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 June 7, 2021) filed under the Company's profile on SEDAR.

Recent Developments

Completes Acquisition of Licensed Processor and Announces Debut of the First in a Series of Cannabis Brands in Ohio

On August 25, 2021, the Company closed on its previously announced acquisition of Franklin Bioscience OH, LLC, ("FBS – OH"), a licensed medical cannabis processor in Ohio. FBS – OH operates an 8,000 sq. ft. state-of-the-art processing facility located in Columbus Ohio. Additionally, the Company has launched a series of upcoming brands and products in the state, beginning with the debut of its brand, Sèche, the Company's fine flower line, which is currently available for purchase at partner dispensaries The Company plans to follow the Sèche brand launch with the debut of Tasteology gummies and tarts. In the coming weeks, The Lab will be launched in the form of .5g and .3g vape cartridges with rechargeable batteries. The Company also expects to bring additional Sèche flower product lines, along with The Bank, to Ohio medical cannabis patients in the first quarter of 2022.

Plans to Open 21st BEYOND/HELLO™ Retail Location and 14th Pennsylvania Medical Marijuana Dispensary

The Company through its subsidiary, Agape Total Health Care Inc, plans to open its 14th BEYOND/HELLO™ medical marijuana dispensary in Pennsylvania and third storefront in the City of Philadelphia in University City, Pennsylvania as well as its 21st BEYOND/HELLO™ retail location nationally on Tuesday, August 31, 2021.

Jushi's Partner Awarded a Conditional Retail Dispensary License in Illinois from State's Lottery Process

On August 19, 2021, the Company's partner, Northern Cardinal Ventures, LLC, was awarded a conditional retail dispensary license in Illinois via the state's lottery process. The dispensary location is designated for the Peoria Bureau of Labor Statistics region in Illinois and would be BEYOND/HELLO's fifth dispensary in the state, pending regulatory approvals.

Founders Converted Super Voting and Multiple Voting Shares into Subordinate Voting Shares

On August 9, 2021, all issued and outstanding super voting shares of Jushi and multiple voting shares of Jushi were converted into subordinate voting shares in accordance with the terms of the super voting shares and multiple voting shares. 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 the conversions, there are no Jushi super voting shares or multiple voting shares issued and outstanding.

Announced a Series of Cannabis Brand and Product Launches in Virginia

On August 5, 2021, the Company announced a series of upcoming launches of branded cannabis products in the Commonwealth of Virginia, beginning with the debut of its brand, The Lab, in the form of .5g and .3g vaporizable cartridges and Tasteology beginning with chewable SKUs. The Company's flower brands, The Bank and Sèche are expected to be available for purchase by September 2021 pending the Virginia Board of Pharmacy's approval of flower.

Appointed Brendon Lynch Executive Vice President of Retail Operations

On August 4, 2021, the Company announced the appointment of Brendon Lynch as Executive Vice President of Retail Operations. In his new role, Brendon will be responsible for leading Jushi's retail strategies, including overseeing Jushi's retail footprint in core markets as well as the introduction and expansion of delivery service.

Received ~$14.4 Million Interim Arbitration Award

On July 29, 2021, the American Arbitration Association (the "Panel") awarded $14.4 million (the "Interim Award") to Jushi FL SPV, LLC, a subsidiary of Jushi Holdings Inc., in its dispute against San Felasco Nurseries, Inc. ("San Felasco"), a subsidiary of Harvest Health & Recreation, Inc. based on breach of contract and breach of implied covenant of good faith claims brought by Jushi against San Felasco in October of 2018. The Interim Award consists of $10.6 million in damages, plus $3.7 million in pre-award interest (accrued at a rate of $3,497 per day) and post-award interest at a rate of 12% per annum. The Panel of three arbiters also affirmed that Jushi is entitled to recoup attorneys' fees from San Felasco, in an amount to be determined by the Panel.

Announced the Transition to Domestic Issuer Status in the United States

On July 22, 2021, since more than 50% of the Company's issued and outstanding subordinate voting shares were directly or indirectly owned by shareholders of record domiciled in the United States on June 30, 2021, Jushi no longer meets the definition of a "foreign private issuer" under United States securities laws. Therefore, the Company will be deemed a U.S. domestic issuer under United States securities laws and will be subject to SEC reporting requirements applicable to U.S. domestic companies, which will require Jushi's financial statements and financial data to be presented under U.S. GAAP.

Waiting Period Expired for Proposed Acquisition of Nature's Remedy of Massachusetts, Inc. under the HSR Act

On July 20, 2021, the waiting period expired under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 in respect to the proposed acquisition of Nature's Remedy of Massachusetts, Inc. and certain of its affiliates (collectively, "Nature's Remedy"), a vertically integrated single state operator in Massachusetts. The waiting period expired without a second request for information. The transaction is expected to close in late Q3 or early Q4 2021, subject to certain closing conditions, including final approval from the Commonwealth of Massachusetts Cannabis Control Commission.

Completed Acquisition of Licensed Cultivator in Ohio

On July 15, 2021, the Company closed on its previously announced acquisition of OhiGrow, LLC, one of 34 licensed cultivators in Ohio, and Ohio Green Grow LLC (collectively, “OhiGrow”), for total consideration of $5.0 million in cash, inclusive of an approximately 10,000 sq. ft. facility and 1.35 acres of land. OhiGrow, based in Toledo, Ohio, will complement the 8,000 sq. ft. state-of-the-art Ohio medical cannabis processing facility that has recently commenced operations, to which Jushi provides operational and consulting services.

Commenced Operations at State-of-the-Art. Ohio Processing Facility

On July 7, 2021, FBS – OH, a licensed medical marijuana processor to which Jushi provides operational and consulting services, received authorization to commence operations at the Company’s newly constructed 8,000 sq. ft., state-of-the-art processing facility located in Columbus, Ohio. Additionally, Jushi and FBS – OH have applied for a change of ownership to state regulators for FBS – OH to become a subsidiary of the Company.

Announced Management and Board Changes

On June 30, 2021, Erich Mauff resigned as Co-President and Director of the Company and Leonardo “Leo” Garcia-Berg, a former global supply chain executive for Anheuser-Busch InBev and former consultant at McKinsey & Co. was appointed as the Company’s Chief Operations Officer.

On May 26, 2021, the Company announced that Marina Hahn, a successful marketing executive and experienced brand builder, was appointed as a Director of the Company.

*Opened 20th BEYOND/HELLO™ Retail Location and 13th Pennsylvania Medical Marijuana Dispensar*y

On June 11, 2021, the Company, through its wholly owned subsidiary, Franklin Bioscience - NE LLC, opened the 13th BEYOND/HELLO™ medical marijuana dispensary in Easton, Pennsylvania and the Company’s 20th BEYOND/ HELLO™ retail location nationally.

*Opened 19th BEYOND/HELLO™ Retail Location and 12th Pennsylvania Medical Marijuana Dispensar*y

On June 7, 2021, the Company, through its wholly owned subsidiary, Franklin Bioscience - NE LLC, opened the 12th BEYOND/HELLO™ medical marijuana dispensary in Hazleton, Pennsylvania and the Company’s 19th BEYOND/ HELLO™ retail location nationally.

Finalized Acquisition of Dalitso LLC Facility and Nine Acres of Land

In May 2021, the Company closed the previously announced acquisition of a 93,000 sq. ft. facility (the “VA Facility”), operated by its wholly-owned subsidiary and Virginia-based pharmaceutical processor, Dalitso, together with approximately nine acres of surrounding land in Prince William County, Virginia, for approximately $22 million (the “VA Acquisition”). The VA Acquisition, together with 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.

Completed Acquisitions of Two California Retail Dispensaries

In April 2021, the Company closed on its previously announced acquisition of 100% of the equity of OSD for $5 million total consideration comprised of $1.9 million cash and $3.1 million in promissory notes, subject to adjustments. In March 2021, the Company closed on its previously announced acquisition of approximately 78% of the equity of Grover Beach for approximately $3.6 million in cash, after adjustments and 49,348 SVS at $7.46 per share, with the rights to acquire the remaining equity in the future. The Company expects to complete the build-out of the BEYOND/HELLO™ Grover Beach location in Q4 2021. The two dispensaries will be the Company's second and third operating retail locations in the state.

Announced First Phase of Expansion Project at Pennsylvania Grower-Processor Facility

On April 1, 2021, the Company's wholly-owned subsidiary, PAMS, entered into an amendment of its existing lease with Innovative Industrial Properties, Inc. (NYSE: IIPR), making available an additional $30 million in funding for the expansion project at its Pennsylvania grower-processor facility in Scranton, Pennsylvania. The funding will be used to complete the buildout of the existing 89,000 sq. ft. building and an approximately 40,000 sq. ft. expansion of the Pennsylvania cultivation facility for a total of 130,000 sq. ft. The first phase of the expansion is expected to add approximately 28,000 sq. ft. of canopy for a total of 40,000 sq. ft. and is expected to be completed by the first quarter of 2022, subject to regulatory approvals. PAMS is also in the design stage for the second phase of the planned expansion, which would add approximately 60,000 sq. ft. to the building, increase total canopy to approximately 110,000 sq. ft., and bring the building's total sq. ft. to 190,000 sq. ft. The Company expects PAMS to begin the second phase of the expansion in Q4 2021 and to complete it by Q3 2022.

Finalized Acquisition of Established Nevada Operator

On April 1, 2021, the Company's subsidiary, Production Excellence completed the previously announced acquisition of 100% of the equity of FBS Nevada. FBS Nevada holds medical and adult-use cannabis cultivation, processing, and distribution licenses issued by the Nevada Cannabis Control Board and currently operates cultivation, production and distribution facilities in North Las Vegas, Nevada. The Company also owns the real estate associated with FBS Nevada's facilities in North Las Vegas, Nevada which include two adjacent buildings with cultivation, manufacturing and distribution capabilities.

Covid-19 Initiatives

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

Funds

Jushi has successfully raised almost $403 million to date (which includes equity offerings, senior notes and warrant/option exercises as well as $9.6 million of debt assumed in the acquisition of TGS Illinois Holdings, Inc, of which approximately $47 million was invested by management and insiders. The Company is currently closing acquisitions and investments in cannabis assets in the U.S. As of June 30, 2021, the Company had $121 million of cash and cash equivalents and restricted cash and $6 million in short-term investments.

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 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 intends to use and has used the net proceeds of the offerings for potential strategic transactions and business expansion opportunities as well as for general corporate purposes and working capital. Refer to *Recent Equity Offerings and Use of Proceeds* below for additional details.

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

During the period from January 1, 2021 to June 30, 2021, the Company issued a total of 5,375,049 SVS and received $13 million in total proceeds as a result of all warrants exercised during this period.

Recent Equity Offerings and Use of Proceeds

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

Financing	Details of Offering	Gross Proceeds	Net Proceeds *	Proposed Use of Net Proceeds	Description of Expenditure	Approximate Use of Net Proceeds (Excluding General Corporate Purposes)	Difference / Remaining To Be Spent **	Note
		(USD$ in millions)	(USD$ in millions)			(USD$ in millions)	(USD$ in millions)	
October 2020	11,500,000 subordinate voting shares at a price of C$3.55 per share for total gross proceeds of approximately C$40,825 thousand	$31.1	$29.4	For opportunistic acquisitions and for general corporate purposes, including working capital or business development	Opportunistic acquisitions and purchases	$11.5	$(0.1)	(1)
					Other capex and expansion	$7.7		(2)
					Repayment of acquisition related promissory notes	$10.3		(3)
					Total	$29.5		
January 2021	6,210,000 subordinate voting shares at a price of C$6.50 per share for total gross proceeds of C$40,365 thousand	$31.8	$29.8	One third of the net proceeds to redeem 10% Senior Notes	10% Senior Notes redemption	$4.9	$6.7	(4)
				General corporate purposes, including working capital or business development	Cash capex and expansion	$16.7		(5)(8)
					Repayment of acquisition related promissory notes	$1.5		(6)
					Total	$23.1		
February 2021	7,475,000 subordinate voting shares at a price of C$10.00 per share for total gross proceeds of C$74,750 thousand	$58.9	$55.9	For potential strategic transactions (7)	Other strategic transactions (7)	$28.9	$23.8	(7)(9)
				One third of the net proceeds to redeem 10% Senior Notes	10% Senior Notes redemption	$3.2		(4)
				General corporate purposes, including working capital or business development	Other capex and expansion	$—		(8)
					Total	$32.1		
	Total	$121.8	$115.1			$84.7	$30.4	**

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

** Any variances in use of proceeds to date did not have any impact on the Company's ability to achieve its business objectives and milestones. Use of proceeds does not include cash used in general operating activities.

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

(2) Includes cash-based capital expenditures for property, plant and equipment ("PP&E") during the fourth quarter of 2020. Excludes deposits paid or PPE of $1.6 million.

(3) Early repayment of acquisition related seller notes during the fourth quarter of 2020: (i) Seller notes from the 2019 acquisition of Dalitso of $3.8 million repaid in connection with fourth quarter 2020 acquisitions of the non-controlling interests; (ii) Seller notes from the 2019 acquisition of Franklin BioScience – Penn, LLC and its subsidiaries of $5.0 million repaid early; and (iii) Seller notes for the acquisition of a provisionally licensed medical marijuana processor in Ohio of $1.5 million.
(4) Redemptions made pursuant to the terms of the 10% senior notes. Certain note holders waived their rights to the redemptions in January and February 2021.
(5) Includes purchases during the first quarter of 2021 for: (i) a real estate property in Beja, Portugal for $0.5 million; and (ii) a real estate property in Hazelton, Pennsylvania for $0.5 million; and (iii) other cash-based capital expenditures of $16.7 million for purchases and deposits for PPE during the first half of 2021, excluding the Scranton properties noted in (1) above and the Virginia facility noted in (7) below.
(6) Repayment of acquisition related seller notes during April 2021 of the seller notes from the 2019 acquisition of FBS Nevada of $1.5 million.
(7) Includes: (i) approximately $22.0 million in May 2021 for acquisition of the 93,000 square foot facility in Prince William County, Virginia operated by a wholly-owned subsidiary of the Company, and properties adjacent to the facility; and (ii) $1.9 million in May 2021 for the acquisition of OSD; and (iii) $5.0 million for the acquisition of OhiGrow in July 2021.
(8) Does not include cash capital expenditures subsequent to June 30, 2021.
(9) Does not include funds for other potential future strategic transactions, including $40.0 million in cash for the acquisition of Nature's Remedy.

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 six months ended June 30, 2021.

We expect to use the net proceeds from the sale of securities in pursuit of our ongoing general business objectives. To that end, a substantial portion of the net proceeds from the sale of securities 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 limited license medical markets, or markets in the process of transitioning to adult-use, Jushi may seek to expand its cultivation assets despite the high level of capital investment required, given the significant market opportunity. Also, in other markets, Jushi may seek a more balanced capital allocation approach where it may acquire a grower-processor and/or additional retail dispensaries in a market where it currently operates, such as Illinois, Ohio, California and Nevada. Lastly, Jushi may look to deploy more significant capital in limited license adult-use cannabis markets that are expected to continue to grow (such as Massachusetts). By establishing a strong platform and retail-brand recognition in markets that have the greatest growth potential, Jushi expects to be well-positioned to have a first-mover advantage for future growth in adult-use cannabis once it is further legalized.

Growth Strategy

Our team remains intensely focused on expanding our retail, cultivation, manufacturing and processing presence in current markets, while pursuing acquisition opportunities across the supply chain that complement our existing portfolio. We believe our financial capacity allows us to operate from a position of strength and will help Jushi emerge as an even stronger player in this industry. Jushi 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 twenty 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 in Pennsylvania, Virginia and California by increasing its store count from fourteen to eighteen in Pennsylvania, opening five additional medical dispensaries in Virginia and opening two additional adult-use stores in California, which will bring its store count from twenty to thirty two by the end of 2022. In Virginia, these five medical dispensaries will be in addition to Dalitso's pharmaceutical processor facility near the City of Manassas, which allows Dalitso to cultivate, process, dispense and deliver medical cannabis to registered patients in the state. The Company closed on its previously announced acquisition to purchase Dalitso's pharmaceutical processor facility and surrounding land for approximately $22 million. In Pennsylvania, the Company acquired 100 percent of the equity of a grower-processor. The Company plans to more than double the square footage of the Pennsylvania facility from approximately 89,000 sq. ft. to approximately 190,000 sq. ft. in a phased expansion. The Company will utilize the facility to supply its Pennsylvania BEYOND/HELLO™ retail stores and other state licensed retail facilities within the Commonwealth. Additionally, the Company also acquired OhiGrow, one of 34 licensed cultivators in Ohio and FBS-OH, a licensed medical cannabis processor in Ohio. OhiGrow and FBS-OH represent attractive opportunities for Jushi to solidify its presence and supply chain in Ohio. The Ohio cultivation and processing facilities allow the Company to cultivate, process and sell manufactured medical cannabis products to licensed medical marijuana dispensaries in Ohio.

Targeting acquisition opportunities in limited licenses jurisdictions. Jushi is pursuing acquisition opportunities to become vertically integrated in Illinois and California, where the Company currently only operates retail dispensaries. The Company is also pursuing acquisition opportunities in limited license markets with high barriers of entry, such as Ohio, Nevada and Massachusetts. In Massachusetts, the Company signed a definitive agreement to acquire a vertically-integrated single state operator, which currently operates two dispensaries as well as a cultivation and production facility. Subject to all necessary approvals, upon acquiring the Massachusetts acquisition, which is expected to close in late Q3 or early Q4 2021, the Company's store count would increase from twenty seven to twenty nine in 2021 and from thirty two to thirty four by the end of 2022.

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.

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

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					
	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*	*(unaudited)*	*(unaudited)*
Revenue, net	$ 47,744	$ 41,675	$ 32,294	$ 24,913	$ 14,932	$ 8,633
Net income (loss)	$ 4,760	$ (26,801)	$ (156,662)	$ (29,999)	$ (9,308)	$ (15,898)
Net income (loss) attributable to Jushi shareholders	$ 4,950	$ (26,626)	$ (156,036) (1)	$ (29,426)	$ (8,879)	$ (15,617)
Net income (loss) per share attributable to Jushi shareholders - basic	$ 0.03	$ (0.18)	$ (1.35)	$ (0.31)	$ (0.10)	$ (0.17)
Weighted average number of shares outstanding - basic	155,093,805	149,933,639	115,362,054	93,572,969	92,264,221	93,317,981
Net loss per share attributable to Jushi shareholders - diluted	$ (0.09) (2)	$ (0.18)	$ (1.35)	$ (0.31)	$ (0.10)	$ (0.17)
Weighted average number of shares outstanding - diluted	188,122,697	149,933,639	115,362,054	93,572,969	92,264,221	93,317,981

(1) Net loss for the quarter ended December 31, 2020 included losses of $135,659 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 and the number of warrants associated with the derivatives warrants liability.
(2) For the three months ended June 30, 2021, the fair value gain on derivative warrants of $21,061 is removed from basic earnings resulting in diluted net loss of $16,111 used in the calculation of diluted loss per share.

The Company's results are impacted by the Company's acquisitions. Refer to Note 7 - Acquisitions in the June 30, 2021 and the 2020 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)

	June 30, 2021	December 31, 2020
Assets:		
Cash and cash equivalents and restricted cash	$ 120,881	$ 85,857
Investments in securities - short-term	$ 5,874	$ 7,934
Total assets	$ 504,390	$ 359,279
Liabilities:		
Long-term liabilities	$ 356,131	$ 320,775
Total liabilities	$ 416,380	$ 357,529

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 June 30, 2021	For the Three Months Ended June 30, 2020	For the Six Months Ended June 30, 2021	For the Six Months Ended June 30, 2020
REVENUE, NET	$ 47,744	$ 14,932	$ 89,419	$ 23,565
COST OF GOODS SOLD	(26,126)	(7,495)	(49,060)	(12,042)
GROSS PROFIT BEFORE FAIR VALUE CHANGES	$ 21,618	$ 7,437	$ 40,359	$ 11,523
Realized fair value changes included in inventory sold	(3,411)	(33)	(8,194)	(160)
Unrealized fair value changes included in biological assets	3,739	68	9,874	268
GROSS PROFIT	$ 21,946	$ 7,472	$ 42,039	$ 11,631
OPERATING EXPENSES:				
General, administrative and selling expenses	$ 22,526	$ 9,815	$ 39,920	$ 19,664
Share-based compensation expense	2,383	1,211	5,947	2,530
Acquisition and deal costs	870	159	1,109	644
Total operating expenses	$ 25,779	$ 11,185	$ 46,976	$ 22,838
LOSS FROM OPERATIONS BEFORE OTHER (EXPENSE) INCOME	$ (3,833)	$ (3,713)	$ (4,937)	$ (11,207)
OTHER (EXPENSE) INCOME:				
Interest income	$ 87	$ 38	$ 184	$ 115
Fair value changes in derivative warrants	21,099	(3,748)	11,741	(1,161)
Interest expense and finance charges	(6,085)	(3,435)	(12,738)	(6,386)
Net gains on business combinations	—	—	—	2,202
Gains (losses) on investments and financial assets	124	2,332	1,297	(5,878)
(Losses) gains on debt and warrant modifications/ extinguishments	—	235	(3,815)	267
Other expense, net	(532)	—	(1,240)	(793)
Total net other (expense) income	$ 14,693	$ (4,578)	$ (4,571)	$ (11,634)
INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) BEFORE TAX	$ 10,860	$ (8,291)	$ (9,508)	$ (22,841)
Current income tax expense	(6,172)	(3,027)	(12,645)	(4,749)
Deferred income tax benefit	72	2,010	112	2,384
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	$ 4,760	$ (9,308)	$ (22,041)	$ (25,206)
Net loss attributable to non-controlling interests	(190)	(429)	(365)	(710)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO JUSHI SHAREHOLDERS	$ 4,950	$ (8,879)	$ (21,676)	$ (24,496)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) PER SHARE ATTRIBUTABLE TO JUSHI SHAREHOLDERS - BASIC	$ 0.03	$ (0.10)	$ (0.14)	$ (0.26)
Weighted average shares outstanding - basic	155,093,805	92,264,221	152,573,350	92,796,882
NET LOSS AND COMPREHENSIVE LOSS PER SHARE ATTRIBUTABLE TO JUSHI SHAREHOLDERS - DILUTED	$ (0.09)	$ (0.10)	$ (0.18)	$ (0.26)
Weighted average shares outstanding - diluted	188,122,697	92,264,221	186,244,720	92,796,882

Three Months Ended June 30, 2021
Amounts expressed in thousands of U.S. dollars, unless otherwise stated.

Revenue, Net

Revenue, net for the three months ended June 30, 2021 totaled $47,744, compared to $14,932 for the three months ended June 30, 2020, an increase of $32,812 or 220%. The Company's revenue is derived from retail and wholesale operations in both medical and adult-use markets.

Segments

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

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

	Three Months Ended June 30, 2021			Three Months Ended June 30, 2020		
	Revenue by Segment	Intercompany Revenue	Revenue to External Customers	Revenue by Segment	Intercompany Revenue	Revenue to External Customers
Retail	$ 45,227	$ —	$ 45,227	$ 14,666	$ —	$ 14,666
Wholesale	4,711	(2,300)	2,411	150	—	150
Other	106	—	106	116	—	116
Inter-segment eliminations	(2,300)	2,300	—	—	—	—
Total	$ 47,744	$ —	$ 47,744	$ 14,932	$ —	$ 14,932

Revenue for the Company's Retail segment was $45,227 for the three months ended June 30, 2021, compared to $14,666 for the three months ended June 30, 2020, an increase of $30,561 or 208%. The increase in Retail revenue is due primarily to the Company's acquisitions and expansion of cannabis operations from acquisitions, along with the continued growth for states wherein the Company operates. Retail revenues for the three months ended June 30, 2021 were derived from twenty cannabis dispensaries located in Pennsylvania (thirteen), Illinois (four), California (two) and Virginia (one), whereas for the three months ended June 30, 2020 retail revenues were derived from a total of nine cannabis dispensaries in Pennsylvania (seven) and Illinois (two).

Revenue for the Company's Wholesale segment was $4,711 for the three months ended June 30, 2021, compared to $150 for the three months ended June 30, 2020, an increase of $4,561, or 3041%. The increase in Wholesale revenue is primarily attributable to increases in cultivation and manufacturing activity in Pennsylvania due to the PAMS acquisition which closed in the third quarter of 2020. Additionally, for the three months ended June 30, 2021, the Company experienced increased operating activity in its Nevada cultivation and processing facility which was acquired in the third quarter of 2019. Wholesale revenue includes inter-segment revenue of $2,300, which is eliminated in consolidation.

Revenue from the Company's Other operations totaled $106 for the three months ended June 30, 2021, compared to $116 for the three months ended June 30, 2020. Revenue from the Company's Other operations primarily represents sales of Hemp/CBD products.

Cost of Goods Sold

Cost of goods sold, which excludes fair value changes included in inventory sold and unrealized fair value changes included in biological assets, totaled $26,126 for the three months ended June 30, 2021, as compared to $7,495 for the three months ended June 30, 2020, an increase of $18,631 or 249%. The increase in cost of goods sold is as a result of the increase in revenues. As a percentage of revenue, cost of goods sold for the three months ended June 30, 2021 and 2020, was 55% and 50%, respectively. Cost of goods sold is comprised of production-related salaries, wages, labor and employee related expenses and production-related depreciation; other production costs; and inventory provision.

Gross Profit

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

Gross profit totaled $21,946 for the three months ended June 30, 2021, as compared to $7,472 for the three months ended June 30, 2020, an increase of $14,474 or 194%. Gross profit increased primarily due to the increase in revenue, partially offset by a decrease in net overall margins primarily driven by increased customer promotions. As a percentage of revenue, gross profit for the three months ended June 30, 2021 and 2020, was 46% and 50%, respectively.

The realized fair value changes included in inventory sold was a loss of $3,411 and the unrealized fair value changes included in biological assets was a gain of $3,739 for the three months ended June 30, 2021. For the three months ended June 30, 2020, the realized fair value changes included in inventory sold was a loss of $33, while the unrealized fair value changes included in biological assets was a gain of $68. 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 relate primarily 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

General, Administrative and Selling Expenses

General, administrative and selling ("G&A") expenses, which excludes share-based compensation expense, includes: (i) salaries, wages, labor and employee related expenses; (ii) depreciation and amortization; (iii) professional fees, legal fees and legal expenses (excluding legal settlements), accounting and consulting fees (excluding acquisition and deal costs); (iv) marketing, advertising and selling costs; (v) application and administration fees; (vi) facilities related expenses; (vii) insurance; (viii) travel, entertainment and conference expenses; (ix) third-party software and technology expenses, including maintenance and support; (x) other operating expenses including but not limited to: dues and subscriptions, lobbying, office supplies, banking and credit card processing fees.

G&A expenses were $22,526 for the three months ended June 30, 2021, as compared to $9,815 for three months ended June 30, 2020, an increase of $12,711 or 130%. The net increase in G&A is due to the expansion of the operations of the Company, as a result of acquisitions and to support the growth of the business. The details of G&A expenses for the three months ended June 30, 2021 and 2020, is as follows:

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Change	% Change
Salaries, wages, labor and employee related expenses	$ 14,519	$ 4,994	$ 9,525	191%
Depreciation and amortization expense	1,547	1,064	483	45%
Facilities related expenses	1,557	778	779	100%
Professional fees and legal expenses	1,204	1,020	184	18%
Marketing and selling	1,107	506	601	119%
Insurance	795	527	268	51%
Administration and application fees	207	285	(78)	(27)%
Software and technology	632	159	473	297%
Travel, entertainment and conferences	463	89	374	420%
Other G&A	495	393	102	26%
Total general, administrative and selling expenses	$ 22,526	$ 9,815	$ 12,711	130%

The most significant increase in total general, administrative and selling expenses is the increase in salaries, wages, labor and employee related expenses due to the increase in the number of employees to support the continued growth of the Company.

Share-Based Compensation Expense

Non-cash share-based compensation expense totaled $2,383 for the three months ended June 30, 2021, as compared to $1,211 for three months ended June 30, 2020, an increase of $1,172, or 97%. The total increase in share-based compensation is due to increases in: restricted stock expense of $761, stock option expense of $260 and warrant expense of $151.

Acquisition and Deal Costs

Acquisition and deal costs totaled $870 for the three months ended June 30, 2021, as compared to $159 for the three months ended June 30, 2020, an increase of $711, or 447%. The majority of acquisition and deal costs for the three months ended June 30, 2021 related to the Company’s 2021 planned or closed acquisitions, whereas the majority of acquisition and deal costs for the three months ended June 30, 2020 related to the acquisition of two dispensaries in Illinois.

Total Other Income (Expense)

Interest Income

Interest income was $87 for the three months ended June 30, 2021 as compared to $38 for the three months ended June 30, 2020 , an increase of $49, or 129%. The majority of interest income relates to interest earned on cash balances in bank accounts.

Fair Value Changes in Derivatives

Total net fair value change in derivatives was a gain of $21,099 for the three months ended June 30, 2021, as compared to a loss of $3,748 for the three months ended June 30, 2020. Fair value changes in derivatives for the three months ended June 30, 2021 include: (i) $21,061 in fair value gains relating to the derivative warrants liability; and (ii) $38 in fair value gains relating to a mandatory prepayment option on the 10% senior notes (“Prepayment Option”), which is also classified as a derivative and was initially recorded during the fourth quarter of 2020. The fair value changes in derivatives for the three months ended June 30, 2020 of $3,748 related only to the derivative warrants liability.

The derivative warrants were issued in connection with the debt offerings announced in December 2019 and June 2020 (the “Debt Offerings”) and are required to be remeasured at fair value at each reporting period. The fair value gain on derivative warrants for the three months ended June 30, 2021 was due to the decrease in the fair value of the derivative warrants liability as a result of a decrease in the Company’s stock price during the period, whereas the fair value losses for the three months ended June 30, 2020 were due to the increase in the fair value of the derivative warrants as a result of an increase in the Company's stock price and market improvements during the second quarter of 2020.

Interest Expense and Finance Charges

Interest expense and finance charges were $6,085 for the three months ended June 30, 2021, as compared to $3,435 for the three months ended June 30, 2020, an increase of $2,650, or 77%. The net increase in interest expense and finance charges is due primarily to: an increase of $2,101 in interest expense related to leases as a result of expanded operations; an increase of $593 in interest expense and accretion/amortization related to the 10% senior notes, of which a significant portion of the senior notes were issued in June 2020 and subsequent to June 30, 2020; and an increase of $140 in interest from other debt, which debt was issued subsequent to June 30, 2020; partially offset by: a decrease of $259 in interest expense from acquisition-related promissory notes as a result of decreased principal balances remaining.

Gains on Investments and Financial Assets

Gains on investments and financial assets were $124 for the three months ended June 30, 2021, as compared to $2,332 for the three months ended June 30, 2020, a decrease of $2,208, or 95%. For the three months ended June 30, 2021, the gains were comprised of net fair value gains on investments and investment income from mutual funds of $42 and $82 related to a gain on the contingent asset related to the 2019 sale of the Company's minority interest in Gloucester Street Capital, LLC ("GSC"). For the three months ended June 30, 2020, $530 in gains related to the mutual funds; $1,892 in gains related to the Cresco shares and warrants received from the 2019 GSC sale; partially offset by: $90 in losses related to an investment in Organigram Holdings, Inc ("Organigram") shares received in connection with the acquisition of two dispensaries in Illinois in the first quarter of 2020.

Gains (Losses) on Debt and Warrant Modifications

There were no gains or losses on debt and warrant modifications for the three months ended June 30, 2021. For the three months ended June 30, 2020, the net gain on debt and warrant modifications of $235 was related to the extinguishment and other modifications of first tranche 10% senior notes and the related derivative warrant liabilities during the second quarter of 2020 as a result of the offering of the second tranche of the 10% senior notes.

Other Expense, Net

Other expense, net, was $532 for the three months ended June 30, 2021, as compared to $nil for the three months ended June 30, 2020. For the three months ended June 30, 2021, other expense, net, consisted primarily of $601 related to losses on legal settlements, partially offset by other miscellaneous income.

Income Tax Expense

Total income tax expense was $6,100 for the three months ended June 30, 2021, as compared to $1,017 for the three months ended June 30, 2020, an increase of $5,083, or 500%. The increase was comprised of an increase in current tax expense of $3,145, or 104%, partially offset by a decrease in the deferred tax benefit of $1,938, or 96%. The increase in current tax expense relates primarily to the increase in taxable gross profit generated from the Company's increased retail and wholesale sales. The deferred tax benefit for the three months ended June 30, 2020 related primarily to tax adjustments for realized investment losses.

Net Loss Attributable to Non-Controlling Interests

Net loss attributable to non-controlling interests was $190 for the three months ended June 30, 2021, as compared to $429 for the three months ended June 30, 2020, a decrease of $239, or 56%. Net loss attributable to non-controlling interests for the three months ended June 30, 2021 primarily relates to the non-controlling interests of Jushi Europe SA, whereas net loss attributable to non-controlling interests for the three months ended June 30, 2020 related to expenses attributable to the non-controlling interests of Dalitso, Jushi Europe and other non-material non-controlling interests. The non-controlling interests of Dalitso were purchased by the Company during the fourth quarter of 2020.

Six Months Ended June 30, 2021
Amounts expressed in thousands of U.S. dollars, unless otherwise stated.

Revenue, Net

Revenue, net, for the six months ended June 30, 2021 totaled $89,419, as compared to $23,565 for the six months ended June 30, 2020, an increase of $65,854, or 279%. The Company's revenue is derived from retail and wholesale operations in both medical and adult-use markets.

Segments

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

	Six Months Ended June 30, 2021			Six Months Ended June 30, 2020		
	Revenue by Segment	Intercompany Revenue	Revenue to External Customers	Revenue by Segment	Intercompany Revenue	Revenue to External Customers
Retail	$ 84,504	$ —	$ 84,504	$ 22,745	$ —	$ 22,745
Wholesale	8,902	(4,183)	4,719	544	—	544
Other	196	—	196	276	—	276
Inter-segment eliminations	(4,183)	4,183	—	—	—	—
Total	$ 89,419	$ —	$ 89,419	$ 23,565	$ —	$ 23,565

Revenue for the Company's Retail segment was $84,504 for the six months ended June 30, 2021, compared to $22,745 for the six months ended June 30, 2020, an increase of $61,759 or 272%. The increase in Retail revenue is due primarily to the Company's acquisitions and expansion of cannabis operations from acquisitions, along with the continued growth in states wherein the Company operates. Retail revenues for the six months ended June 30, 2021, were derived from twenty cannabis dispensaries located in Pennsylvania (thirteen), Illinois (four), California (two) and Virginia (one), whereas, for the six months ended June 30, 2020 retail revenues were derived from a total of nine cannabis dispensaries in Pennsylvania (seven) and Illinois (two).

Revenue for the Company's Wholesale segment was $8,902 for the six months ended June 30, 2021, compared to $544 for the six months ended June 30, 2020, an increase of $8,358, or 1536%. The increase in Wholesale revenue is primarily attributable to increases in cultivation and manufacturing activity in Pennsylvania due to the PAMS acquisition which closed in the third quarter of 2020. Additionally, for the six months ended June 30, 2021, the Company experienced increased operating activity in its Nevada cultivation and processing facility which was acquired in the third quarter of 2019. Wholesale revenue includes inter-segment revenue of $4,183, which is eliminated in consolidation.

Revenue from the Company's Other operations totaled $196 for the six months ended June 30, 2021, compared to $276 for the six months ended June 30, 2020, a decrease of $80, or 29%. Revenue from the Company's Other operations primarily represents sales of Hemp/CBD products.

Cost of Goods Sold

Cost of goods sold, which excludes fair value changes included in inventory sold and unrealized fair value changes included in biological asset, totaled $49,060 for the six months ended June 30, 2021, as compared to $12,042 for the six months ended June 30, 2020, an increase of $37,018, or 307%. As a percentage of revenue, cost of goods sold was 55% for six months ended June 30, 2021, compared to 51% for the six months ended June 30, 2020. Cost of goods sold is comprised of: inventory expensed to cost of goods sold including production-related salaries, wages, labor and employee related expenses and production-related depreciation ; other production costs; and inventory provision.

Gross Profit

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

Gross profit was $42,039 for the six months ended June 30, 2021, as compared to $11,631 for six months ended June 30, 2020, an increase of approximately $30,408, or 261%. Gross profit increased primarily due to the increase in revenue, and a net increase in fair value changes, partially offset by a decrease in net overall margins primarily driven by increased customer promotions. As a percentage of revenue, gross profit was 47% and 49% for the six months ended June 30, 2021 and 2020, respectively.

The realized fair value changes included in inventory sold was a loss of $8,194 and the unrealized fair value changes included in biological assets was a gain of $9,874 for the six months ended June 30, 2021. For the six months ended June 30, 2020, the realized fair value changes included in inventory sold was a loss of $160, while the unrealized fair value changes included in biological assets was a gain of $268. 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 relate primarily 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

General, Administrative and Selling Expenses

General, administrative and selling (“G&A”) expenses, which excludes share-based compensation expense, includes: (i) salaries, wages, labor and employee related expenses; (ii) depreciation and amortization expense; (iii) professional fees, legal fees and legal expenses (excluding legal settlements), accounting and consulting fees (excluding acquisition and deal costs); (iv) marketing, advertising and selling costs; (v) application and administration fees; (vi) facilities related expenses;; (vii) insurance; (viii) travel, entertainment and conference expenses; (ix) third-party software and technology expenses, including maintenance and support; (x) other operating expenses including but not limited to: dues and subscriptions, lobbying, office supplies, banking and credit card processing fees.

G&A expenses for the six months ended June 30, 2021 were $39,920 , as compared to $19,664 for the six months ended June 30, 2020, an increase of $20,256, or 103%. The net increase in G&A is due to the expansion of the operations of the

Company, as a result of acquisitions and to support the growth of the business. The details of G&A expenses and comparison for the six months ended June 30, 2021 and 2020, includes the following:

	Six Months Ended June 30,			
	2021	2020	Change	% Change
Salaries, wages, labor and employee related expenses (“S&W”)	$ 24,401	$ 10,081	$ 14,320	142 %
Depreciation and amortization expense	2,712	2,080	632	30 %
Facilities related expenses	2,900	1,321	1,579	120 %
Professional fees and legal expenses	2,898	1,899	999	53 %
Marketing and selling	1,782	1,021	761	75 %
Insurance	1,644	1,055	589	56 %
Administration and application fees	560	836	(276)	(33)%
Software and technology	1,199	354	845	239 %
Travel, entertainment and conferences	868	279	589	211 %
Other G&A	956	738	218	30 %
Total general, administrative and selling expenses	$ 39,920	$ 19,664	$ 20,256	103 %

The most significant increase in total general, administrative and selling expenses is due to the increase in salaries, wages, labor and employee related expenses from the increase in the number of employees to support the continued growth of the Company.

Share-Based Compensation Expense

Non-cash share-based compensation expense was $5,947 for the six months ended June 30, 2021, compared to $2,530 for six months ended June 30, 2020, an increase of approximately $3,417, or 135%. The total increase in share-based compensation is due to increases in: restricted stock expense of $2,450, stock option expense of $431 and warrant expense of $536.

Acquisition and Deal Costs

For six months ended June 30, 2021, acquisition and deal costs were $1,109, compared to $644 for the six months ended June 30, 2020, an increase of approximately $465, or 72%. The majority of acquisition and deal costs for the six months ended June 30, 2021 related to the Company’s 2021 planned or closed acquisitions, whereas the majority of acquisition and deal costs for the six months ended June 30, 2020 related to the acquisition of two dispensaries in Illinois.

Total Other (Expense) Income

Interest Income

Interest income was $184 for the six months ended June 30, 2021 as compared to $115 for the six months ended June 30, 2020, an increase of $69, or 60%. The majority of interest income relates to interest earned on cash balances in bank accounts.

Fair Value Changes in Derivatives

For the six months ended June 30, 2021, fair value gains from derivatives totaled $11,741, compared to fair value losses of $1,161 for the six months ended June 30, 2020. Fair value changes in derivatives for the six months ended June 30, 2021 includes: $11,104 in fair value gains relating to the derivative warrants liability; and $637 in fair value gains relating to the Prepayment Option, which is also classified as a derivative and was initially recorded during the fourth quarter of 2020. The fair value losses on derivatives for the six months ended June 30, 2020 of $1,161 related only 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 six months ended June 30, 2021 were due to the decrease in the fair value of the derivative warrants liability as a result of a decrease in the Company’s stock price during the period. The losses for the six months ended June 30, 2020 were due to the increase in the fair value of the derivative warrants liability as a result of an increase in the Company's stock price during the period. The Company had a larger number of derivative warrants for the six months ended June 30, 2021 as compared to six months ended June 30, 2020.

Interest Expense and Finance Charges

Interest expense and finance charges were $12,738 for the six months ended June 30, 2021, as compared to $6,386 for the six months ended June 30, 2020, an increase of approximately $6,352, or 99%. The net increase in interest expense and finance charges in the current period is primarily due to the following changes: an increase of $3,412 in interest expense related to leases as a result of expanded operations; an increase of $3,294 in interest expense and accretion/amortization related to the 10% senior notes, of which a significant portion of the senior notes were issued in June 2020 and subsequent to June 30, 2020; an increase of $258 in interest from other debt, which debt was issued subsequent to June 30, 2020; partially offset by, a decrease of $687 in interest expense from acquisition-related promissory notes as a result of decreased principal balances remaining.

Net Gains on Business Combinations

There were no gains on business combinations during the six months ended June 30, 2021. For the six months ended June 30, 2020, net gains on business combinations were $2,202, and related to the purchase of two dispensaries in Illinois in January 2020. The $2,202 net gain was comprised of a bargain purchase gain of $3,733, offset by asset disposal charges and other adjustments of $1,531.

Gains (Losses) on Investments and Financial Assets

For the six months ended June 30, 2021, gains on investments and financial assets totaled $1,297, as compared to a loss of $5,878 for the six months ended June 30, 2020. For the six months ended June 30, 2021, the gains were comprised of net fair value gains on investments and investment income from mutual funds of $1,191 as well as a fair value gain of $106 on the contingent asset related to the Company's 2019 sale of its minority interest in GSC. For the six months ended June 30, 2020, $650 in net losses related to the mutual funds; $4,812 in losses related to the Cresco shares and warrants received from the 2019 GSC sale; $66 related to the Cresco notes and accrued interest; and $350 in losses related to the Organigram shares received in connection with the acquisition of two dispensaries in Illinois in the first quarter of 2020. These net losses on investments and financial assets resulted from the net decline in the fair values as a result of the general market decline experienced during the first quarter as a result of COVID-19, partially offset by gains from second quarter 2020 improvements in market conditions.

Losses (Gains) on Debt and Warrant Modifications

For the six months ended June 30, 2021, losses on debt and warrant modifications were $3,815, as compared to gains of $267 for the six months ended June 30, 2020. For the six months ended June 30, 2021 the losses related to the redemption of $8,134 principal amount of 10% senior notes during the first quarter of 2021. For six months ended June 30, 2020, the net gains related to modifications of 10% senior notes and related derivative warrant liabilities during the first and second quarters of 2020.

Other Expense, Net

For the six months ended June 30, 2021 other expense, net, totaled $1,240, compared $793 for the six months ended June 30, 2020, an increase of $447, or 56%. For the six months ended June 30, 2021, other expense, net, was comprised primarily of $1,408 in losses from legal settlements, partially offset by other miscellaneous income. For the six months ended June 30, 2020, other expense, net, was comprised primarily of a loss of $308 related to the net write-off of internally generated intangibles; $286 for the write-off of construction-in-progress and other fixed assets; and $203 related to the reassessment of right-of-use assets and lease liabilities.

Income Tax Expense

Total income tax expense was $12,533 thousand for the six months ended June 30, 2021, as compared to $2,365 thousand for the six months ended June 30, 2020, an increase of $10,168 thousand, or 430%. The increase was comprised of an increase in current tax expense of $7,896 thousand and a decrease in deferred tax benefit of $2,272 thousand. The increase in current tax expense relates primarily to the increase in taxable gross profit generated from the Company's increased retail and wholesale sales. The deferred tax benefit for the six months ended June 30, 2020 related primarily to tax adjustments for realized investment losses and the effects of the transactions that resulted in the purchase of the two dispensaries in Illinois during the first quarter of 2020.

Net Loss Attributable to Non-Controlling Interests

Net loss attributable to non-controlling interests was $365 for the six months ended June 30, 2021, as compared to $710 for the six months ended June 30, 2020, a decrease in net loss attributable to non-controlling interests of $345, or 49%. Net loss attributable to non-controlling interests for the six months ended June 30, 2021, primarily relates to the non-controlling interests of Jushi Europe, whereas net loss attributable to non-controlling interests for the six months ended June 30, 2020 related to expenses attributable to the non-controlling interests of Dalitso, Jushi Europe and other non-material non-controlling interests. The non-controlling interests of Dalitso were purchased by the Company during the fourth quarter of 2020.

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 and Adjusted EBITDA (both 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 believes EBITDA is a useful measure to assess the performance of the Company as it provides meaningful operating results by excluding the effects of expenses that are not reflective of our operating business performance. Management defines EBITDA as net income (loss), or "earnings", before interest, income taxes, depreciation and amortization. Management believes Adjusted EBITDA is a useful measure to assess the performance of the Company as it provides more meaningful operating results by excluding the effects of expenses that are not reflective of the Company's operating business performance and other one-time or non- recurring expenses. Management defines Adjusted EBITDA as EBITDA before: (i) fair value changes included in inventory sold and biological assets; (ii) share-based compensation expense; (iii) fair value changes in derivatives; (iv) gains/losses on debt and warrant modifications; (v) net gains on business combinations; (vi) gains/losses on investments and financial assets; (vii) acquisition and deal costs; (viii) severance costs; (ix) start-up costs; and (x) gains/losses on legal settlements.

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

The table below reconciles net 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 June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
NET INCOME (LOSS) [(1)]	$ 4,760	$ (9,308)	$ (22,041)	$ (25,206)
Income tax expense	6,100	1,017	12,533	2,365
Interest expense, net	5,998	3,397	12,554	6,271
Depreciation and amortization [(2)]	2,417	1,089	4,186	2,139
EBITDA (Non-IFRS)	$ 19,275	$ (3,805)	$ 7,232	$ (14,431)
Fair value changes included in inventory sold and biological assets	(328)	(35)	(1,680)	(108)
Share-based compensation expense	2,383	1,211	5,947	2,530
Fair value changes in derivatives	(21,099)	3,748	(11,741)	1,161
(Gains) losses on debt and warrant modifications [(3)]	—	(235)	3,815	(267)
Net gains on business combinations	—	—	—	(2,202)
(Gains) losses on investments and financial assets	(124)	(2,332)	(1,297)	5,878
Acquisition and deal costs [(4)]	870	159	1,109	644
Severance costs [(4)(5)]	1,839	—	1,879	—
Start-up costs [(4)(6)]	1,172	394	2,438	857
Losses on legal settlements	601	—	1,408	—
Adjusted EBITDA (Non-IFRS)	$ 4,589	$ (895)	$ 9,110	$ (5,938)

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

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

(3) Refer to Note 13 - Senior Notes and Note 14 - Derivative Liabilities in the June 30, 2021 Financial Statements.

(4) 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. Certain prior period data has been added to conform to current period presentation, and as a result the following items have been included in the adjustments to calculate Adjusted EBITDA in the table above:
   a. $159 and $644 in acquisition and deal costs for the three and six months ended, June 30, 2020, respectively; and
   b. $394 and $857 in start-up costs for the three and six months ended, June 30, 2020, respectively.

(5) Severance costs relate to a founder's separation cost and to severance for former executives of a previously acquired business.

(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.

The improvements in Adjusted EBITDA for the six months ended June 30, 2021, 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 acquisitions and expansion of operations.

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 $120,881, investments in securities of $5,874, total current assets of $164,334, and current liabilities of $60,249 as of June 30, 2021. The Company therefore had net working capital of $104,085.

The major components of the Company's statements of cash flows for the six months ended June 30, 2021 and 2020, are as follows:

	Six Months Ended June 30,	
	2021	2020
Net cash flows used in operating activities	$ (4,930)	$ (6,972)
Net cash flows used in investing activities	(43,441)	(14,692)
Net cash flows provided by financing activities	83,527	21,251
Effect of currency translation on cash	(132)	(13)
Net change in cash and cash equivalents and restricted cash	$ 35,024	$ (426)

Cash used in operations during the six months ended June 30, 2021 was $4,930, as compared to $6,972 for the six months ended June 30, 2020. The decrease in cash used in operations for the six months ended June 30, 2021 is due primarily to a decrease in net loss after non-cash adjustments, and an increase in cash inflows from changes from operating assets and liabilities, net of acquisitions.

Net cash used in investing activities totaled $43,441 for the six months ended June 30, 2021, as compared to $14,692 for the six months ended June 30, 2020. The net cash used in investing activities for the six months ended June 30, 2021 was comprised of: $41,526 for purchases and deposits for property, plant and equipment for use in the Company's operations; $5,166 in payments for the acquisitions of Grover Beach and OSD, net of cash acquired; partially offset by $3,251 in proceeds from sales of investments. The net cash used in investing activities for the six months ended June 30, 2020 was comprised of: $9,804 for the purchases of property, plant and equipment; $5,727 in payments for the acquisition of Agape and for the transactions relating to the acquisition of the two dispensaries in Illinois, both net of cash acquired (and excluding payments for non-controlling interests); $4,354 in net payments for investments in securities; partially offset by $5,193 in cash proceeds from a note receivable.

Net cash provided by financing activities totaled $83,527 for the six months ended June 30, 2021, as compared to $21,251 for the six months ended June 30, 2020. The net cash provided by financing activities for the six months ended June 30, 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; $12,981 in proceeds from the exercise of warrants and stock options; and $2,313 in proceeds from other debt; partially offset by $11,988 in payments on the 10% senior notes, including principal redemptions of $8,134 and interest payments of $3,854; $3,561 in lease obligation payments; $1,697 in payments on acquisition-related promissory notes payable, including $1,500 in principal payments and $197 in interest payments; and repayments of other debt of $181. The net cash provided by financing activities for six months ended June 30, 2020 was comprised of: $30,629 in net proceeds from senior notes, including $32,967 in proceeds, net of financing costs, from the issuance of 10% senior notes and derivative warrants, net of $2,338 in interest payments; and a contribution receipt of $1,993 from Jushi Europe SA non-controlling interests; partially offset by: $8,757 in payments on acquisition-related promissory notes payable, including $7,658 in principal payments and $1,099 in interest payments; $1,850 in payments for the purchase of non-controlling interests; and $764 in lease obligation payments.

The Company believes at this time that there is sufficient liquidity to execute on its business plan and satisfy the commitments made to date. The Company may continue to incur negative operating cash flows while it executes on its current business plan and integrates acquisitions as they close. Refer to the "Funds" in this MD&A for additional information.

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 June 30, 2021, cannabis and hemp regulations continue to evolve and area is subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future. Refer to "Risks Related to the Business of Jushi" below.

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. Other than the matters noted or referenced to in Note 23 - Commitments and Contingencies in the June 30, 2021 Financial Statements, there were no pending or threatened lawsuits as of June 30, 2021 that could reasonably be expected to have a material effect on the results of the Company's consolidated operations. There are no proceedings in which any of the Company's directors, officers, or affiliates is an adverse party or has a material interest adverse to the Company's interest.

Other commitments and contingencies of the Company are disclosed or referred to in Note 23 - Commitments and Contingencies in the June 30, 2021 Financial Statements.

The Company expects to incur capital expenditures of approximately $65 million - $85 million for the period from July 1, 2021 through December 31, 2021, subject to market conditions and regulatory changes, 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, but excluding capital expenditures for acquisitions that have not yet closed.

Jushi continues to execute its retail plans in Pennsylvania, Virginia and California. In Pennsylvania, the Company expects to open the five additional BEYOND/HELLO™ retail locations by the end of 2021. In Virginia, the Company anticipates adding one additional BEYOND/HELLO™ branded medical dispensary to Dalitso's operations in 2021, and open the four remaining BEYOND/HELLO™ branded medical dispensaries in the following year. As for California, the Company continues to execute its retail expansion plan in the state by completing the buildout of the new BEYOND/HELLO™ Grover Beach in the fourth quarter of 2021 and the Company's BEYOND/HELLO™ Culver City dispensary by Q2 2022.

The Company's wholly-owned subsidiary, PAMS, entered into an amendment of its existing lease with IIPR 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 89,000 sq. ft. building and an approximately 40,000 sq. ft. expansion of the Pennsylvania Facility for a total of 130,000 sq. ft. The Company has added many parcels of land to the footprint and is close to being able to expand to over 300,000 square feet. With over 300,000 square feet of total plant capacity, the initial 89,000 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, with an estimated budget of approximately $40 million, will add approximately 40,000 square feet, bringing the total square footage to approximately 130,000 square feet and total canopy to approximately 45,000 square feet, and is expected to be completed by the first quarter of 2022, subject to regulatory approvals. The Company plans to introduce new technologies, including hydrocarbon extraction in December 2021, which is expected to increase extraction productivity by 4 times and produce a much higher-quality product. The Company expects PAMS to begin the second phase of the expansion in the first quarter of 2022, with a preliminary budget between $25 – $30 million and an estimated completion date of the third quarter of 2022, subject to regulatory approvals. The estimated combined cost of the two phases of expansion is $65 – $70 million, $30 million of which is funded through IIPR. The grower-processor facility is expected to be approximately 190,000 sq. ft. after both phases of the buildout have been completed. Phase two of the expansion would increase total canopy from 45,000 square feet to approximately 110,000 square feet and increase biomass capacity from approximately 30,000 lbs. to approximately 70,000 lbs.

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 two 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 second quarter of 2022. At full capacity, the facility will produce approximately 14,000 lbs. of biomass annually. 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 one of the second building is expected to add another 100,000 sq. ft and 50,000 lbs. of biomass for a total of 190,000 sq. ft. and 64,000 lbs. annually. We expect to be able to complete phase one of the second building by late 2022 or early 2023. Phase two would add another 65,000 square feet to the facility and 50,000 lbs. of biomass production for a total of approximately 250,000 square feet and 115,000 lbs. biomass. 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 is in the process of acquiring 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 19,500 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 expects to expand to approximately 31,000 sq. ft. during the second half of 2021. Current flower production at the Lakeville Facility is approximately 6,800 lbs. / year, which, as part of the expected expansion, Nature's Remedy could increase to approximately 11,000 lbs. / year based on 31,000 sq. ft. of canopy. Nature's Remedy is also evaluating further expansion opportunities in the existing Lakeville industrial complex and/or on ten acres of land owned by Nature's Remedy in Grafton, MA. The Lakeville Facility could potentially accommodate an additional 18,000 to 20,000 sq. ft. of flower canopy through the expansion into approximately 26,000 sq. ft. of adjacent space in the existing building. In Grafton, MA, Nature's Remedy has a Host Community Agreement in place with the city and recently received a provisional cultivation license from the Commonwealth. The ten acres of land in Grafton, MA could potentially accommodate a 35,000 to 40,000 sq. ft. new facility with approximately 18,000 sq. ft. of flower canopy. These expansions are subject to business evaluations and needs, and receipt of applicable regulatory approvals.

In Nevada, FBS Nevada operates one of the two 7,500 sq. ft. adjacent facilities and has upgraded the facility with state-of-the-art, indoor, double-stacked cultivation that yields approximately 2,800 lbs. of biomass per year. FBS Nevada plans to connect the two facilities to create a single production space for a total of approximately 16,600 sq. ft. The expansion is expected to more than double cultivation capacity to 6,500 lbs. per year and be completed by the fourth quarter of 2022.

The Company constructed an 8,000 sq. ft., state-of-the-art processing facility located in Columbus, Ohio that commenced operations in July 2021. The Company plans on introducing hydrocarbon extraction capabilities by the end of 2022, which will allow for the start of production of distillate products in the first quarter of 2022. The Company projects that at scale the facility will be capable of processing upwards of 10,000 lbs of biomass annually. Additionally, the Company has 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 square feet of cultivation area. OhiGrow starts production soon and expects its first harvest by December 2021. OhiGrow will operate approximately 2,200 square feet of canopy and expects to produce approximately 1,500 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 2 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, is expected to produce approximately 10,000 lbs. of biomass per year.

Contractual Obligations and Off-Balance Sheet Arrangements

As of June 30, 2021, the Company had the following estimated recorded contractual obligations to make future payments, excluding interest payments on notes and excluding potential escalations for changes in cannabis regulations, representing contracts and other commitments that are known and committed (amounts expressed in thousands of U.S. dollars):

	< 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
Accounts payable and accrued liabilities	$ 49,437	$ —	$ —	$ —	$ 49,437
10% Senior Notes - principal	—	75,193	—	—	75,193
Promissory notes - principal	120	48	3,750	3,100	7,018
Leases (including interest)	10,482	22,168	21,295	261,368	315,313
Other debt - financing obligation (including interest)	303	681	713	11,605	13,302
Other debt - unsecured credit lines - principal	1,071	—	1,785	—	2,856
Total	$ 61,413	$ 98,090	$ 27,543	$ 276,073	$ 463,119

Refer to Note 23 - Commitments and Contingencies in the June 30, 2021 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 June 30, 2021, the Company had 152,069,449 Subordinate Voting Shares issued, 149,000 Super Voting Shares which carry 1,000 votes per share and are convertible into 100 Subordinate Voting Shares per share, 4,000,000 Multiple Voting Shares which carry 10 votes per share and are convertible into 1 Subordinate Voting Share per share, 73,342,415 warrants outstanding (on an as-converted basis), 3,937,385 unvested restricted stock awards (included in the Subordinate Voting Shares outstanding), and 10,306,453 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 August 20, 2021, the Company had 172,408,441 Subordinate Voting Shares, 71,342,258 outstanding warrants, 3,735,774 unvested restricted stock awards (included in the Subordinate Voting Shares outstanding), and 10,084,786 stock options outstanding.

Refer to Note 16 - Equity in the June 30, 2021 Financial Statements for additional details on the Company's securities.

In addition, as of June 30, 2021 and August 20, 2021, there are 910,000 Subordinate Voting Shares that have not yet been issued but will be issuable on conversion of a mandatorily convertible promissory note by no later than November 19, 2022, and 20,000 Subordinate Voting Shares that may be issuable at the conversion of another promissory note at the option of the holder no later than September 23, 2021. Refer to Note 11 - Promissory Notes Payable in the June 30, 2021 Financial Statements for additional details on these promissory notes.

Accounting Policies, Critical Judgments and Estimates

The preparation of the Company's June 30, 2021 Financial Statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The critical accounting estimates and judgements are disclosed in full in the Company's December 31, 2020 Financial Statements. Refer to Note 2 - Basis of Presentation and Summary of Significant Accounting Policies in the December 31, 2020 Financial Statements for details of accounting policies, critical judgements and estimates.

Related Party Transactions

Other than those described or referred to in Note 24 - Related Party Transactions in the June 30, 2021 Financial Statements, there are no additional related party transactions.

Internal Controls over Financial Reporting

In accordance with National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the establishment and maintenance of Disclosure Controls and Procedures ("DCP") and Internal Control Over Financial Reporting ("ICFR") is the responsibility of Management. The DCP and ICFR have been designed by Management based on the 2013 Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") to provide reasonable assurance that the Company's financial reporting is reliable and that its financial statements have been prepared in accordance with IFRS. Regardless of how well the DCP and ICFR are designed, internal controls have inherent limitations and can only provide reasonable assurance that the controls are meeting the Company's objectives in providing reliable financial reporting information in accordance with IFRS. These inherent limitations include, but are not limited to, human error and circumvention of controls and as such, there can be no assurance that the controls will prevent or detect all misstatements due to errors or fraud, if any.

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.

Other than the risk factors discussed below, there have been no material changes to the risk factors disclosed in the AIF and MD&A for the year ended December 31, 2020, as updated by the MD&A for the three months ended March 31, 2021 and any other filings made by the Company on SEDAR.

Risks related to loss of officers and directors

The Company's operations are dependent upon a relatively small group of individuals and, in particular, its officers and directors. The Company believe that its success will depend on the continued service of its officers and directors. In addition, the Company's officers and directors are not required to commit any specified amount of time to the Company's affairs and, accordingly, may have conflicts of interest in allocating management time among various business activities, including identifying potential acquisitions and monitoring the related due diligence. Except for the Company's CEO, the

Company does not have key-man insurance on the life of any of its directors or officers. The unexpected loss of the services of one or more of its directors or officers could have a detrimental effect on the Company, its operations and its ability to make acquisitions.

Risks related to beneficial owner voting control

James Cacioppo, Chairman and Chief Executive Officer, Louis Jonathan Barack, President, and Denis Arsenault, a significant shareholder and previous member of the board of directors, beneficially owned approximately 14.4% in total of the outstanding shares of our common stock on an as-converted basis (25.1% on an as-converted and fully diluted basis) as of June 30, 2021. Accordingly, they may be in a position to influence: (i) the vote of most matters submitted to our shareholders, including any merger, consolidation or sale of all or substantially all of our assets; (ii) the nomination of individuals to the Board of Directors; and (iii) a change in control. Any concentrated control of the Company could delay, defer, or prevent a change of control of the Company, the sale of all or substantially all of the assets of the Company or another arrangement involving the Company that other shareholders support. Conversely, any concentrated control could allow consummation of a transaction that some of the Company's other shareholders do not support, for example long-term strategic investment decisions and taking risks that may not be successful and may seriously harm the Company's business.

Directors and officers of the Company are anticipated to have control over the day-to-day management and the implementation of major strategic decisions of the Company, subject to authorization and oversight by the Board. Board members and officers owe a fiduciary duty to the Company and are obligated to act honestly and in good faith with a view to the best interests of the Company. As shareholders, even controlling shareholders, James Cacioppo and Louis Jonathan Barack will be entitled to vote their shares, and shares over which they have voting control, in their own interests, which may not always be in the interests of the Company or the other shareholders of the Company.

Risks related to a loss of Foreign Private Issuer status and becoming a U.S. reporting company

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

Listing Standards of the OTCQX

As of July 21, 2021, the Company relisted on the OTCQX. The Company must meet continuing listing standards to maintain the listing of the Subordinate Voting Shares on the OTCQX. If the Company fails to comply with listing standards and the OTCQX delists the Subordinate Voting Shares, the Company and its shareholders could face significant material adverse consequences, including: (i) a limited availability of market quotations for the Subordinate Voting Shares; (ii) reduced liquidity for the Subordinate Voting Shares; (iii) a reduced level of trading activity in the secondary trading market for the Subordinate Voting Shares; (iv) a limited amount of news about us and analyst coverage of the Company; and (v) a decreased ability for the Company to issue additional equity securities or obtain additional equity or debt financing in the future.