NOTE TO READER

These unaudited interim condensed consolidated financial statements of Jushi Holdings Inc. (the "Company") for the interim period ended June 30, 2022 (the "Reviewed Financial Statements") have been reviewed and re-filed on SEDAR to replace the financial statements previously filed on August 29, 2022 that were not previously reviewed by the Company's auditors. Readers should note that in the Reviewed Financial Statements, the Company restated the amount of right of use assets from finance lease liabilities (excluding from acquisitions) disclosed as supplemental information of non-cash investing and financing activities of the statement of cash flows for the comparative period of six months ended June 30, 2021. Also, the Company revised the non-cash capital expenditures for the same six-month period. In addition, the Reviewed Financial Statements have been revised for the impact of an understatement of cost of goods sold during the three and six months ended June 30, 2021. Furthermore, the Company revised the unaudited interim condensed consolidated statement of cash flows for the six months ended June 30, 2022 for the following items: (i) change in accounts payable, accrued expenses and other current liabilities within cash flows from operating activities, (ii) payments on finance leases, net within cash flow from financing activities, and (iii) deleted the information regarding assets acquired and liabilities assumed in acquisitions within the non-cash investing and financing activities since such information were inconsistent and redundant to the information already disclosed in Note 7 - Acquisitions. The corrections made to the statements of cash flows did not have an impact on the net change in cash and cash equivalents and restricted cash during each of the periods presented. Refer to *Correction of Errors in Previously Issued Financial Statements* in Note 2 - Basis of Presentation and Summary of Significant Accounting Policies for details on the correction of errors.

JUSHI HOLDINGS INC.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE AND SIX MONTHS ENDED June 30, 2022 AND 2021

(Expressed in United States Dollars, unless otherwise noted)

JUSHI HOLDINGS INC.
UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022

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JUSHI HOLDINGS INC.
INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands of U.S. dollars, except share amounts)

	June 30, 2022 (unaudited)	December 31, 2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 43,186	$ 94,962
Accounts receivable, net	2,806	3,200
Inventories, net	44,742	43,319
Prepaid expenses and other current assets	6,538	12,875
Total current assets	$ 97,272	$ 154,356
NON-CURRENT ASSETS:		
Property, plant and equipment, net	$ 174,592	$ 137,280
Right-of use assets - finance leases	109,492	94,008
Other intangible assets, net	206,742	182,466
Goodwill	88,654	52,920
Other non-current assets	30,481	27,586
Non-current restricted cash	625	525
Total non-current assets	$ 610,586	$ 494,785
Total assets	$ 707,858	$ 649,141
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 14,053	$ 10,539
Accrued expenses and other current liabilities	49,174	47,972
Income tax liabilities - current	9,910	6,614
Debt, net - current portion (including related party principal amounts of $3,476 as of June 30, 2022 and $0 as of December 31, 2021)	70,322	6,181
Finance lease obligations - current	13,117	12,620
Total current liabilities	$ 156,576	$ 83,926
NON-CURRENT LIABILITIES:		
Non-current debt, net (including related party principal amounts of $0 as of June 30, 2022 and $4,578 as of December 31, 2021)	$ 115,675	$ 122,971
Finance lease obligations - non-current	93,045	88,297
Operating lease liabilities - non-current	16,941	15,163
Derivative liabilities	26,289	92,435
Income tax liabilities - non-current	68,193	57,143
Contingent consideration liabilities - non-current	7,043	8,223
Total non-current liabilities	$ 327,186	$ 384,232
Total liabilities	$ 483,762	$ 468,158
COMMITMENTS AND CONTINGENCIES (Note 20)		
EQUITY:		
Common stock, no par value; authorized shares - unlimited; issued and outstanding shares - 194,653,132 and 182,707,359 Subordinate Voting Shares as of June 30, 2022 and December 31, 2021, respectively	$ —	$ —
Paid-in capital	475,592	424,788
Accumulated deficit	(250,109)	(242,418)
Total Jushi shareholders' equity	$ 225,483	$ 182,370
Non-controlling interests	(1,387)	(1,387)
Total equity	$ 224,096	$ 180,983
Total liabilities and equity	$ 707,858	$ 649,141

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

JUSHI HOLDINGS INC.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(in thousands of U.S. dollars, except share and per share amounts)

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
REVENUE, NET	$ 72,757	$ 47,744	$ 134,645	$ 89,419
COST OF GOODS SOLD	(46,089)	(26,126)	(88,865)	(49,060)
GROSS PROFIT	$ 26,668	$ 21,618	$ 45,780	$ 40,359
OPERATING EXPENSES	$ 38,745	$ 26,357	$ 76,458	$ 48,268
LOSS FROM OPERATIONS	$ (12,077)	$ (4,739)	$ (30,678)	$ (7,909)
OTHER INCOME (EXPENSE):				
Interest expense, net	$ (10,947)	$ (6,868)	$ (21,063)	$ (13,703)
Fair value gains on derivatives	42,572	21,098	56,881	11,741
Other, net	228	(487)	(70)	(3,864)
Total other income (expense), net	$ 31,853	$ 13,743	$ 35,748	$ (5,826)
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	$ 19,776	$ 9,004	$ 5,070	$ (13,735)
Provision for income taxes	(7,710)	(6,368)	(12,761)	(14,679)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	$ 12,066	$ 2,636	$ (7,691)	$ (28,414)
Net loss attributable to non-controlling interests	—	(190)	—	(365)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO JUSHI SHAREHOLDERS	$ 12,066	$ 2,826	$ (7,691)	$ (28,049)
EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO JUSHI SHAREHOLDERS - BASIC	$ 0.06	$ 0.02	$ (0.04)	$ (0.17)
Weighted average shares outstanding - basic	190,870,572	163,512,333	187,147,856	160,426,413
EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO JUSHI SHAREHOLDERS - DILUTED	$ (0.15)	$ (0.09)	$ (0.31)	$ (0.20)
Weighted average shares outstanding - diluted	205,697,153	196,541,225	208,038,283	194,097,783

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

JUSHI HOLDINGS INC.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in thousands of U.S. dollars, except share amounts)

	Number of Shares							
	Super Voting Shares	Multiple Voting Shares	Subordinate Voting Shares	Paid-In Capital	Accumulated Deficit	Total Jushi Shareholders' Equity	Non-Controlling Interests	Total Equity
Balances - January 1, 2022	—	—	182,707,359	$ 424,788	$ (242,418)	$ 182,370	$ (1,387)	$ 180,983
Private placement offerings	—	—	3,717,392	13,680	—	13,680	—	13,680
Shares issued for Apothecarium acquisition	—	—	527,704	1,594	—	1,594	—	1,594
Shares issued for restricted stock grants	—	—	5,952	—	—	—	—	—
Shares issued upon exercise of warrants	—	—	2,676,303	9,693	—	9,693	—	9,693
Shares issued upon exercise of stock options	—	—	93,915	—	—	—	—	—
Share-based compensation	—	—	—	6,964	—	6,964	—	6,964
Net loss	—	—	—	—	(19,757)	(19,757)	—	(19,757)
Balances - March 31, 2022	—	—	189,728,625	$ 456,719	$ (262,175)	$ 194,544	$ (1,387)	$ 193,157
Shares issued for NuLeaf acquisition	—	—	4,662,384	13,573	—	13,573	—	13,573
Shares issued for service received	—	—	101,082	294	—	294	—	294
Shares issued upon exercise of warrants	—	—	167,560	322	—	322	—	322
Shares issued upon exercise of stock options	—	—	1,294	—	—	—	—	—
Shares canceled upon forfeiture of non-vested restricted stock	—	—	(7,813)	—	—	—	—	—
Share-based compensation	—	—	—	4,684	—	4,684	—	4,684
Net income	—	—	—	—	12,066	12,066	—	12,066
Balances - June 30, 2022	—	—	194,653,132	$ 475,592	$ (250,109)	$ 225,483	$ (1,387)	$ 224,096

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

JUSHI HOLDINGS INC.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(in thousands of U.S. dollars, except share amounts)

	Number of Shares							
	Super Voting Shares	Multiple Voting Shares	Subordinate Voting Shares	Paid-In Capital	Accumulated Deficit	Total Jushi Shareholders' Equity	Non-Controlling Interests	Total Equity
Balances - January 1, 2021	149,000	4,000,000	132,396,064	$ 262,145	$ (262,669)	$ (524)	$ 2,947	$ 2,423
Public offerings	—	—	13,685,000	85,660	—	85,660	—	85,660
Purchase of non-controlling interests	—	—	500,000	1,562	—	1,562	(1,562)	—
Shares issued for Grover Beach acquisition	—	—	49,348	368	—	368	—	368
Shares issued upon exercise of warrants	—	—	3,898,180	13,135	—	13,135	—	13,135
Shares issued upon exercise of stock options	—	—	15,000	30	—	30	—	30
Share-based compensation	—	—	—	4,013	—	4,013	—	4,013
Net loss	—	—	—	—	(30,876)	(30,876)	(175)	(31,051)
Balances - March 31, 2021	149,000	4,000,000	150,543,592	$ 366,913	$ (293,545)	$ 73,368	$ 1,210	$ 74,578
Shares issued for restricted stock grants	—	—	34,815	—	—	—	—	—
Shares issued upon exercise of warrants	—	—	1,476,869	3,144	—	3,144	—	3,144
Shares issued upon exercise of stock options	—	—	14,173	20	—	20	—	20
Share-based compensation	—	—	—	2,733	—	2,733	—	2,733
Net income (loss)	—	—	—	—	2,826	2,826	(190)	2,636
Balances - June 30, 2021	149,000	4,000,000	152,069,449	$ 372,810	$ (290,719)	$ 82,091	$ 1,020	$ 83,111

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

JUSHI HOLDINGS INC.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of U.S. dollars)

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (7,691)	$ (28,414)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization, including amounts in cost of goods sold	7,603	3,057
Share-based compensation	11,648	6,747
Fair value changes in derivatives	(56,881)	(11,741)
Non-cash interest expense, including amortization of deferred financing costs	10,402	7,672
Deferred income taxes	(2,133)	(652)
Loss on debt modification/extinguishment/redemption	—	3,815
Gain on investments and financial assets	—	(1,191)
Other non-cash items, net	(60)	(929)
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	442	(119)
Prepaid expenses and other current assets	(491)	(1,264)
Inventory	7,533	(9,029)
Accounts payable, accrued expenses and other current liabilities	3,593	18,664
Other assets	324	247
Net cash flows used in operating activities	$ (25,711)	$ (13,137)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for acquisitions, net of cash acquired	$ (20,824)	$ (5,160)
Payments for property, plant and equipment	(40,917)	(41,483)
Proceeds from investments and financial asset	—	3,252
Net cash flows used in investing activities	$ (61,741)	$ (43,391)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of shares for cash, net	$ 13,680	$ 85,660
Proceeds from exercise of warrants and options	751	12,981
Proceeds from acquisition facility, net of financing costs of $793	24,207	—
Redemptions of senior notes (including related party redemptions of $8 and $3,072 for six months ended June 30, 2022 and 2021, respectively)	(258)	(8,134)
Payments on promissory notes	—	(1,500)
(Payments) receipts on finance leases, net of tenant allowance of $10,065 and $4,738 for the six months ended June 30, 2022 and 2021, respectively	(6,555)	364
Proceeds from other debt	4,353	2,313
Repayments of other debt	(164)	—
Net cash flows provided by financing activities	$ 36,014	$ 91,684
Effect of currency translation on cash and cash equivalents	(238)	(132)
NET CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	$ (51,676)	$ 35,024
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	95,487	85,857
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	$ 43,811	$ 120,881

JUSHI HOLDINGS INC.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of U.S. dollars)

	Six Months Ended June 30,	
	2022	2021
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest (excluding capitalized interest)	$ 10,699	$ 6,215
Cash paid for income taxes	$ 8,542	$ 5,699
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Capital expenditures	$ 7,453	$ 2,846
Right of use assets from finance lease liabilities (excluding from acquisitions), net of tenant allowance receivable of $0 and $8,007 for the six months ended June 30, 2022 and 2021, respectively *(2021, as restated, see Note 2)*	$ 4,701	$ 42,697
Fair value of note obligations from acquisitions and acquisitions of non-controlling interests	$ 19,782	$ 2,429
Fair value of shares issued for acquisitions and acquisitions of non-controlling interests	$ 15,167	$ 368
Debt and equity issued for services received	$ 634	$ —

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

1. NATURE OF OPERATIONS

Jushi Holdings Inc. (the "Company" or "Jushi") is incorporated under the British Columbia's Business Corporations Act. The Company is a vertically integrated, multi-state cannabis operator engaged in retail, distribution, cultivation, and processing operations in both medical and adult-use markets. As of June 30, 2022, Jushi, through its subsidiaries, owns or manages cannabis operations and/or holds licenses in the adult-use and/or medicinal cannabis marketplace in Illinois, Pennsylvania, Virginia, Massachusetts, Nevada, California and Ohio. The Company's head office is located at 301 Yamato Road, Suite 3250, Boca Raton, Florida 33431, U.S.A., and its registered address is Suite 1700, Park Place, 666 Burrard Street, Vancouver, British Columbia V6C 2X8, Canada.

The Company is listed on the Canadian Securities Exchange ("CSE") and trades its subordinate voting shares ("SVS") under the ticker symbol "JUSH", and trades on the U.S. Over the Counter Stock Market ("OTCQX") under the symbol JUSHF. The Company's Registration Statement on Form S-1, initially filed with the U.S. Securities and Exchange Commission ("SEC") on July 22, 2022, as amended, was declared effective by the SEC on August 12, 2022 ("S-1").

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The accompanying unaudited interim condensed consolidated financial statements present the consolidated financial position and operations of Jushi Holdings Inc. and its subsidiaries and entities over which the Company has control, in accordance with generally accepted accounting principles in the U.S. ("GAAP") for interim financial information and in accordance with the rules and regulations of the SEC. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and footnotes. Actual results could differ materially from those estimates.

In the opinion of management, the unaudited interim condensed consolidated financial statements include all adjustments, of a normal recurring nature, that are necessary to present fairly the financial position, results of operations and cash flows of the Company for the periods, and at the dates, presented. The results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year.

These unaudited interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2021, which is included in the Company's S-1. Consolidated balance sheet information as of December 31, 2021 presented herein are derived from the Company's audited consolidated financial statements for the year ended December 31, 2021.

These unaudited interim condensed consolidated financial statements have been prepared assuming the Company will continue as a going concern. GAAP requires an entity to look forward 12 months from the date the financial statements are issued, (the "look-forward" period) when assessing whether the going concern assumption can be used. The going concern assumption contemplates the realization of assets and satisfaction of liabilities in the normal course of business. However, substantial doubt about the Company's ability to continue as a going concern exists.

As reflected in these unaudited interim condensed consolidated financial statements, the Company has incurred losses from operations for the six months ended June 30, 2022, and has an accumulated deficit of $250,109 as of June 30, 2022. As discussed in Note 9 - Debt, the Company's 10% senior notes (the "Senior Notes"), which as of June 30, 2022 had an aggregate principal amount outstanding of $74,935, mature on January 15, 2023, and the Acquisition Facility, which as of June 30, 2022 had an outstanding balance of $65,000 (refer to Note 9 - Debt), required the Company to maintain certain covenants which the Company may not have been in compliance with if the court accepted Jushi Europe's petition for bankruptcy. Prior to the amendment with the lender of the Acquisition Facility, the Company was also projected to violate certain financial covenants. In April 2022, the Company entered into an amendment with the lender of the Acquisition Facility, which included a waiver related to Jushi Europe's bankruptcy and a change to the terms of the Total Leverage Ratio, as defined in the Acquisition Facility agreement, and deferred the commencement date of leverage testing under the Acquisition Facility to the quarter ending March 31, 2023. Additionally, the overall slowdown in the cannabis industry during 2022 has resulted in lower forecasted earnings for the Company during the look-forward period. The look-forward period also contemplates favorable regulatory changes in certain states in which the Company operates. If the Company's operating results during the look-forward period is not in line with forecasted earnings, the Company may be at risk of not meeting its financial covenants under the Acquisition Facility, as amended. These conditions raise substantial doubt regarding the Company's ability to continue as a going concern during the look-forward period.

(Amounts Expressed in Thousands of United States Dollars, Unless Otherwise Stated)

The Company is pursuing strategies to obtain the required additional funding primarily to fund the Senior Notes and future operations. These strategies may include, but are not limited to: (i) ongoing efforts with various lenders to refinance the Senior Notes, including the renegotiation of the financial covenants under the Acquisition Facility, as amended; (ii) deferral of certain expenditures, including capital projects, and reallocate funds for debt repayment, if the need arose; (iii) alternative sources of debt and equity financing, including secured borrowings and through a base shelf prospectus, which allows the Company to offer up to C$500,000 in securities in Canada through the end of 2023. However, there can be no assurance that the Company will be able to refinance the Senior Notes, renegotiate the financial covenants under the Acquisition Facility, as amended, generate positive results from operations, or obtain additional liquidity when needed or under acceptable terms, if at all.

Correction of Errors in Previously Issued Financial Statements

Restatement

Subsequent to the filing of the Company's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2022, which were not previously reviewed by the Company's auditors, with the applicable Canadian securities regulatory authorities on August 29, 2022 in accordance with applicable Canadian securities laws and may be accessed at www.sedar.com, the Company identified that there was a data input error in the amount of right of use assets from finance lease liabilities (excluding from acquisitions) disclosed in non-cash investing and financing activities of the statements of cash flows. The Company corrected the error as follows:

	Six months ended June 30, 2021	
	As Previously Reported	As Restated
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Right of use assets from finance lease liabilities (excluding from acquisitions), net of tenant allowance receivable	$ 2,050	$ 42,697

Revisions

The Company revised the unaudited interim condensed consolidated statement of cash flows for the six months ended June 30, 2022 as follows:

	Six months ended June 30, 2022	
	As Previously Reported	As Revised
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in operating assets and liabilities, net of acquisitions:		
Accounts payable, accrued expenses and other current liabilities	$ 1,566	$ 3,593
Net cash flows used in operating activities	$ (27,738)	$ (25,711)
CASH FLOWS FROM FINANCING ACTIVITIES:		
(Payments) receipts on finance leases, net of tenant allowance	$ (4,528)	$ (6,555)
Net cash flows provided by financing activities	$ 38,041	$ 36,014

(Amounts Expressed in Thousands of United States Dollars, Unless Otherwise Stated)

For the unaudited interim condensed consolidated statement of cash flows for the six months ended June 30, 2022, the Company removed the information regarding assets acquired and liabilities assumed in acquisitions within the non-cash investing and financing activities since such information were inconsistent and redundant to the information already disclosed in Note 7 - Acquisitions.

The Company revised the unaudited interim condensed consolidated financial statements for the impact of an understatement of cost of goods sold of $1,144 ($801 post-tax) during the three and six months ended June 30, 2021 as follows:

A. Unaudited Interim Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)

	Three Months Ended June 30, 2021		Six Months Ended June 30, 2021	
	As Previously Reported	As Revised	As Previously Reported	As Revised
COST OF GOODS SOLD	$ (24,982)	$ (26,126)	$ (47,916)	$ (49,060)
GROSS PROFIT	$ 22,762	$ 21,618	$ 41,503	$ 40,359
LOSS FROM OPERATIONS	$ (3,595)	$ (4,739)	$ (6,765)	$ (7,909)
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	$ 10,148	$ 9,004	$ (12,591)	$ (13,735)
Provision for income taxes	$ (6,711)	$ (6,368)	$ (15,022)	$ (14,679)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	$ 3,437	$ 2,636	$ (27,613)	$ (28,414)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO JUSHI SHAREHOLDERS	$ 3,627	$ 2,826	$ (27,248)	$ (28,049)
EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO JUSHI SHAREHOLDERS - DILUTED	no change	no change	$ (0.19)	$ (0.20)

B. Unaudited Interim Condensed Consolidated Statements of Changes in Equity

	Accumulated Deficit		Total Jushi Shareholders' Equity		Total Equity	
	As Previously Reported	As Revised	As Previously Reported	As Revised	As Previously Reported	As Revised
Net income (loss) for the three months ended June 30, 2021	$ 3,627	$ 2,826	$ 3,627	$ 2,826	$ 3,437	$ 2,636
Balances - June 30, 2021	$ (289,918)	$ (290,719)	$ 82,892	$ 82,091	$ 83,911	$ 83,111

C. Unaudited Interim Condensed Consolidated Statement of Cash Flows

	Six months ended June 30, 2021	
	As Previously Reported	As Revised
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (27,613)	$ (28,414)
Changes in operating assets and liabilities, net of acquisitions:		
Inventory	$ (10,173)	$ (9,029)
Accounts payable, accrued expenses and other current liabilities	$ 19,007	$ 18,664

D. Note 7 - Business Combinations Acquisition Results and Unaudited Supplemental Pro Forma Financial Information

	Three Months Ended June 30, 2021		Six Months Ended June 30, 2021	
	As Previously Reported	As Revised	As Previously Reported	As Revised
Net income (loss)	$ 661	$ (140)	$ (32,311)	$ (33,112)

(Amounts Expressed in Thousands of United States Dollars, Unless Otherwise Stated)

E. Note 14 - Income Taxes

	Three Months Ended June 30, 2021		Six Months Ended June 30, 2021	
	As Previously Reported	As Revised	As Previously Reported	As Revised
Income (Loss) Before Income Taxes	$ 10,148	$ 9,004	$ (12,591)	$ (13,735)
Income Tax Expense	$ (6,711)	$ (6,368)	$ (15,022)	$ (14,679)
Effective Tax Rate	66 %	71 %	(119)%	(107)%

F. Note 16 - Earning (Loss) Per Share

	Three Months Ended June 30, 2021		Six Months Ended June 30, 2021	
	As Previously Reported	As Revised	As Previously Reported	As Revised
Numerator:				
Net income (loss) and comprehensive income (loss) attributable to Jushi shareholders	$ 3,627	$ 2,826	$ (27,248)	$ (28,049)
Less undistributed net income (loss) for participating securities	$ (135)	$ (105)	$ 274	$ 282
Net income(loss) and comprehensive income (loss) - basic	$ 3,492	$ 2,721	$ (26,974)	$ (27,767)
Add-back undistributed net income (loss) for participating securities	$ 135	$ 105	$ (274)	$ (282)
Less undistributed net income (loss) for participating securities	$ (113)	$ (88)	$ 933	$ 961
Net loss and comprehensive loss attributable to Jushi shareholders - diluted	$ (17,547)	$ (18,324)	$ (37,419)	$ (38,192)
Net income (loss) per common share attributable to Jushi:				
Diluted	no change	no change	$ (0.19)	$ (0.20)

The Company revised the unaudited interim condensed consolidated statement of cash flows for the six months ended June 30, 2021 for the amount of capital expenditures disclosed in non-cash investing and financing activities of the statements of cash flows as follows:

	Six months ended June 30, 2021	
	As Previously Reported	As Revised
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Capital expenditures	$ 2,057	$ 2,846

Reclassifications

Within the supplemental non-cash investing and financing activities section of the statements of cash flows, the Company reclassified $4,701 from capital expenditures to right of use assets from finance lease liabilities (excluding from acquisitions) for the six months ended June 30, 2022. This reclassification did not have an effect on total assets, total liabilities, equity, net income (loss), net income (loss) per share or cash flows for the periods presented.

Summary of Significant Accounting Policies

The Company's significant accounting policies are described in Note 2 in the audited consolidated financial statements and notes thereto for the year ended December 31, 2021, which is included in the Company's S-1. There have been no material changes to the Company's significant accounting policies

Segment

The Company operates a vertically integrated cannabis business in one reportable segment for the cultivation, manufacturing, distribution and sale of cannabis in the U.S. All revenues for the three and six months ended June 30, 2022 and 2021 were generated within the U.S., and substantially all long-lived assets are located within the U.S.

COVID-19

During the three and six months ended June 30, 2022, the Company's financial condition and results of operations were not materially impacted by COVID-19. The extent to which the COVID-19 pandemic impacts the Company's future results will depend on future developments, which are highly uncertain and cannot be predicted with certainty, including possible future outbreaks of new strains of the virus and governmental and consumer responses to such future developments.

Emerging Growth Company

As an emerging growth company ("EGC"), the Jumpstart Our Business Startups Act ("JOBS Act") allows the Company to delay adoption of new or revised accounting pronouncements applicable to public companies until such pronouncements are applicable to private companies. The Company has elected to use this extended transition period under the JOBS Act until such time the Company is no longer considered to be an EGC. The adoption dates discussed below reflect this election.

Recent Accounting Pronouncements

In June 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-06 *Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity,* which simplifies accounting for convertible instruments by removing major separation models required under current GAAP. This ASU also removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception and simplifies the diluted earnings per share calculation in certain areas. The amendments in this ASU are effective for annual and interim periods beginning after December 15, 2023, although early adoption is permitted. The Company is in the process of evaluating the impact of this new guidance on its consolidated financial statements.

In May 2021, the FASB issued ASU 2021-04, *Earnings Per Share (Topic 260), Debt—Modifications and Extinguishments (Subtopic 470-50), Compensation—Stock Compensation (Topic 718), and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Issuer's Accounting for Certain Modifications or Exchanges of Freestanding Equity-Classified Written Call Options.* The FASB issued guidance to clarify and reduce diversity in an issuer's accounting for modifications or exchanges of freestanding equity-classified written call options (for example, warrants) that remain equity classified after modification or exchange. The amendments in this ASU are effective for annual and interim periods beginning after December 15, 2021. The adoption of the standard did not have a material impact on the Company's consolidated financial statements.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers.* The FASB issued guidance requires that an entity (acquirer) recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. To achieve this, an acquirer may assess how the acquiree applied Topic 606 to determine what to record for the acquired revenue contracts. Generally, this should result in an acquirer recognizing and measuring the acquired contract assets and contract liabilities consistent with how they were recognized and measured in the acquiree's financial statements (if the acquiree prepared financial statements in accordance with generally accepted accounting principles). The amendments in this ASU are effective for annual and interim periods beginning after December 15, 2023, although early adoption is permitted. The Company is in the process of evaluating the impact of this new guidance on its consolidated financial statements.

(Amounts Expressed in Thousands of United States Dollars, Unless Otherwise Stated)

In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. The FASB issued guidance clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The amendments in this ASU are effective for annual and interim periods beginning after December 15, 2023, although early adoption is permitted. The Company is in the process of evaluating the impact of this new guidance on its consolidated financial statements.

3. REVENUE

The Company has three revenue streams: (i) cannabis retail (ii) cannabis wholesale; and (iii) other. The Company's retail revenues are comprised of cannabis operations for medical and adult-use dispensaries. The Company's wholesale revenues are 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/cannabidiol ("CBD") retail operations. Any intercompany revenue and any costs between entities are eliminated to arrive at consolidated totals.

The following table summarizes revenue disaggregated by revenue stream:

	Three Months Ended June 30,					
	2022			2021		
	Gross Revenue	Intercompany Revenue	Revenue, net to External Customers	Gross Revenue	Intercompany Revenue	Revenue, net to External Customers
Retail cannabis	$ 67,276	$ —	$ 67,276	$ 45,198	$ —	$ 45,198
Wholesale cannabis	15,862	(10,395)	5,467	4,740	(2,300)	2,440
Other	14	—	14	106	—	106
Eliminations	(10,395)	10,395	—	(2,300)	2,300	—
Consolidated revenue	$ 72,757	$ —	$ 72,757	$ 47,744	$ —	$ 47,744

	Six Months Ended June 30,					
	2022			2021		
	Gross Revenue	Intercompany Revenue	Revenue, net to External Customers	Gross Revenue	Intercompany Revenue	Revenue, net to External Customers
Retail cannabis	$ 125,230	$ —	$ 125,230	$ 84,474	$ —	$ 84,474
Wholesale cannabis	25,305	(15,989)	9,316	8,932	(4,183)	4,749
Other	99	—	99	196	—	196
Eliminations	(15,989)	15,989	—	(4,183)	4,183	—
Consolidated revenue	$ 134,645	$ —	$ 134,645	$ 89,419	$ —	$ 89,419

(Amounts Expressed in Thousands of United States Dollars, Unless Otherwise Stated)

4. INVENTORIES

The components of inventories, net, are as follows:

	June 30, 2022 (unaudited)	December 31, 2021
Cannabis plants	$ 3,613	$ 6,347
Harvested cannabis and packaging	13,704	5,180
Total raw materials	$ 17,317	$ 11,527
Work in process	6,639	8,756
Finished goods	20,786	23,036
Total inventories, net	$ 44,742	$ 43,319

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS

The components of prepaid expenses and other current assets are as follows:

	June 30, 2022 (unaudited)	December 31, 2021
Prepaid expenses and deposits	$ 4,548	$ 3,837
Landlord receivables for reimbursement of certain expenditures	—	7,357
Other current assets	1,990	1,681
Total prepaid expenses and other current assets	$ 6,538	$ 12,875

6. PROPERTY, PLANT AND EQUIPMENT

The components of property, plant and equipment (PP&E) are as follows:

	June 30, 2022 (unaudited)	December 31, 2021
Buildings and building components	$ 75,857	$ 49,697
Land	14,167	12,380
Leasehold improvements	32,747	24,042
Machinery and equipment	15,832	12,656
Computer equipment	2,898	2,221
Furniture and fixtures	12,377	8,000
Construction-in-process	34,298	35,625
Total property, plant and equipment - gross	$ 188,176	$ 144,621
Less: Accumulated depreciation	(13,584)	(7,341)
Total property, plant and equipment - net	$ 174,592	$ 137,280

Construction-in-process represents assets under construction for manufacturing and retail build-outs not yet ready for use.

Total depreciation for the three months ended June 30, 2022 and 2021, was $5,014 and $1,734, respectively, of which $2,778 and $870, respectively, was absorbed into inventory production. Total depreciation for the six months ended June 30, 2022 and 2021 was $8,704 and $2,904, respectively, of which $4,946 and $1,474, respectively, was absorbed into inventory production. Total depreciation includes depreciation from assets held under finance leases (which are reflected separately in the consolidated balance sheets).

(Amounts Expressed in Thousands of United States Dollars, Unless Otherwise Stated)

Interest expense capitalized to PP&E totaled $1,303 and $155 for the three months ended June 30, 2022 and 2021, respectively, and $2,047 and $240 for the six months ended June 30, 2022 and 2021, respectively.

7. ACQUISITIONS

2022 Business Combinations

The Company had the following acquisitions during the six months ended June 30, 2022: (i) Apothecarium; and (ii) NuLeaf (all defined below). The following table summarizes the preliminary purchase price allocations as of their respective acquisition dates:

	NuLeaf	Apothecarium	Total
Assets Acquired:			
Cash and cash equivalents	$ 618	$ 25	$ 643
Prepaids and other assets	273	32	305
Accounts receivable, net	39	—	39
Inventory	5,791	699	6,490
Indemnification assets [1]	4,145	—	4,145
Property, plant and equipment	5,513	498	6,011
Right-of-use assets - finance lease	4,598	2,553	7,151
Right-of-use assets - operating lease	1,067	—	1,067
Intangible assets [2]	17,440	8,200	25,640
Deposits	110	301	411
Total assets acquired	$ 39,594	$ 12,308	$ 51,902
Liabilities Assumed:			
Accounts payable and accrued liabilities	$ 604	$ 502	$ 1,106
Finance lease obligations	4,598	2,544	7,142
Operating lease obligations	1,067	—	1,067
Deferred tax liabilities	10,247	2,601	12,848
Total liabilities assumed	$ 16,516	$ 5,647	$ 22,163
Net assets acquired	$ 23,078	$ 6,661	$ 29,739
Goodwill [3]	27,262	8,472	35,734
Total	$ 50,340	$ 15,133	$ 65,473
Consideration:			
Consideration paid in cash, as adjusted for working capital adjustments	$ 14,850	$ 6,617	$ 21,467
Consideration payable in cash (customary hold back)	1,000	—	1,000
Consideration paid in promissory notes (fair value) [4]	12,860	6,922	19,782
Consideration paid in shares	13,573	1,594	15,167
Contingent consideration	8,057	—	8,057
Fair value of consideration	$ 50,340	$ 15,133	$ 65,473

(1) As part of the NuLeaf acquisition agreement, the sellers contractually agreed to indemnify the Company for certain amounts that may become payable, including for taxes that relate to periods prior to the date of acquisition. Accordingly, the Company recorded indemnification assets and corresponding estimated accrued tax liabilities, at fair value, for a total of $4,145 as of the date of the acquisition. Subsequent changes in the amounts recognized for the indemnification assets may occur in relation to the

provision for the corresponding tax liabilities, according to changes in the range of outcomes or the assumptions used to develop the estimates of the liabilities at the time of the acquisition

(2) Included licenses acquired of $14,700 and $8,200 for NuLeaf and Apothecarium, respectively, which have indefinite useful lives. The estimated fair values of the licenses were determined using the multi-period excess earnings method under the income approach based on projections extended to 2036 assuming revenue growth rates of 7.5%, in 2023, 1% in 2024, 2% in 2025 and 3% thereafter for NuLeaf and 5.3% in 2023 and 3% thereafter for Apothecarium.

(3) The goodwill recognized from the acquisitions is attributable to synergies expected from integrating the acquired businesses into the Company's existing business. The goodwill acquired is not deductible for tax purposes. The change in Goodwill for the six months ended June 30, 2022 is entirely attributable to the acquisitions.

(4) Refer to "Acquisition-Related Promissory Notes" in Note 9 - Debt for details on the seller notes.

NuLeaf

In April 2022, the Company closed on the acquisition of 100% of NuLeaf Inc., NuLeaf CLV Inc. and their subsidiaries (collectively, "NuLeaf"). The Company paid upfront consideration comprised of $14,850 in cash, subject to working capital adjustments, 4,662,384 SVS (with an acquisition date fair value of $2.91 per SVS), and an unsecured five-year note with a face value of $15,750. Additionally, cash consideration of $1,000 was subjected to customary holdbacks at closing. The Company was required to pay an additional $10,000 ($3,000 in cash, $3,000 as an addition to the five-year note and the balance in shares) contingent on the opening of a third retail dispensary. In June 2022, the Company opened the third retail dispensary, and in July 2022, the Company paid $3,000 in cash, amended the five-year note for an additional face value of $3,000 and issued 888,880 SVS to settle the contingent liability.

As of June 30, 2022, the Company remeasured the contingent consideration and recognized a gain of $1,326, primarily related to the change in the Company's stock price. The remeasurement reduced the total contingent consideration liability from $8,057 on the acquisition date to $6,731 on June 30, 2022 and is included within accrued expenses and other current liabilities.

Apothecarium

In March 2022, the Company closed on the acquisition of 100% of the equity interest of an entity operating an adult-use and medical retail dispensary under the name, "The Apothecarium" in Las Vegas, Nevada ("Apothecarium"), for upfront consideration comprised of $6,617 in cash, net of working capital adjustments, 527,704 SVS (with a grant date fair value of $3.02 each), and an unsecured five-year note with a face value of $9,853. Refer to Note 9 - Debt for details on the seller notes. The Apothecarium acquisition, together with the prior acquisition of Franklin Bioscience NV, LLC, a holder of medical and adult-use cannabis cultivation, processing, and distribution licenses, enables the Company to become vertically integrated in Nevada, as well as provide significant branding exposure for Jushi's high-quality product lines.

In addition, the Company may pay up to $2,000 in potential earn-out consideration based on the achievement of certain financial metrics. As of the date of acquisition and June 30, 2022, the Company has not recognized a contingent consideration liability for this acquisition as the probability is unlikely. The estimated range of such potential additional consideration is between $0 and $2,000.

Preliminary Purchase Price Allocations for 2022 Business Combinations

The consideration has been allocated to the estimated fair values of the assets acquired and liabilities assumed at the dates of the acquisitions and remain preliminary as of June 30, 2022. These estimated fair values involve significant judgement and estimates. The primary area of judgement involves the valuation of the business licenses acquired, which requires management to estimate value based on future cash flows from these assets. The primary areas of the preliminary purchase price allocations that are not yet finalized relate to: licenses acquired, inventories, property, plant and equipment, leases, contingent consideration, promissory notes, deferred tax liabilities, and residual goodwill. The Company expects to continue to obtain information to assist in determining the fair value of the net assets acquired at the acquisition date during the measurement period.

(Amounts Expressed in Thousands of United States Dollars, Unless Otherwise Stated)

Business Combinations - Acquisition and Deal Costs

For the three and six months ended June 30, 2022, acquisition and deal costs relating to Apothecarium and NuLeaf totaled \$1,109 and \$1,260, respectively, and are included within operating expenses in the consolidated statements of operations and comprehensive income (loss). The remaining acquisition and deal costs included in operating expenses were incurred either for acquisitions not completed or not expected to be completed.

2021 Business Combinations and Asset Acquisitions

The Company had the following acquisitions during the year ended December 31, 2021: (i) Nature's Remedy; (ii) OSD; (iii) OhiGrow; and (iv) Grover Beach (all defined below). The following table summarizes the purchase price allocations as of their respective acquisition dates:

	Business Combinations		Asset Acquisitions		
	Nature's Remedy	OSD	OhiGrow	Grover Beach	Total
Assets Acquired:					
Cash and cash equivalents	$ 3,195	$ 259	$ —	$ —	$ 3,454
Prepaids	325	53	—	—	378
Accounts receivable, net	263	—	—	—	263
Inventory	15,882	184	—	—	16,066
Indemnification assets (1)	1,322	1,411	—	—	2,733
Property, plant and equipment	19,470	—	3,165	269	22,904
Right-of-use assets - finance leases	27,305	—	—	2,050	29,355
Right-of-use assets - operating leases	1,337	1,859	—	—	3,196
Intangible assets - license (2)	46,000	2,160	1,817	3,654	53,631
Intangible assets - tradenames (2)	4,400	—	—	—	4,400
Intangible assets - customer database (2)	2,100	—	—	—	2,100
Deposits	20	6	—	19	45
Total assets acquired	$ 121,619	$ 5,932	$ 4,982	$ 5,992	$ 138,525
Liabilities Assumed:					
Accounts payable and accrued liabilities	$ 7,004	$ 1,601	$ —	$ —	$ 8,605
Finance lease obligations	27,052	—	—	2,032	29,084
Operating lease obligations	1,267	1,859	—	—	3,126
Deferred tax liabilities	19,876	648	—	—	20,524
Total liabilities assumed	$ 55,199	$ 4,108	$ —	$ 2,032	$ 61,339
Net assets acquired	$ 66,420	$ 1,824	$ 4,982	$ 3,960	$ 77,186
Goodwill	33,178	2,432	—	—	35,610
Total	$ 99,598	$ 4,256	$ 4,982	$ 3,960	$ 112,796

(Amounts Expressed in Thousands of United States Dollars, Unless Otherwise Stated)

	Business Combinations		Asset Acquisitions		
	Nature's Remedy	OSD	OhiGrow	Grover Beach	Total
Consideration:					
Consideration paid in cash, as adjusted for working capital adjustments	$ 40,360	$ 1,827	$ 4,949	$ 3,592	$ 50,728
Consideration paid in promissory notes (fair value)	15,345	2,429	—	—	17,774
Consideration paid in shares	35,670	—	—	368	36,038
Contingent consideration	8,223	—	—	—	8,223
Capitalized costs	—	—	33	—	33
Fair value of consideration	$ 99,598	$ 4,256	$ 4,982	$ 3,960	$ 112,796

(1) As part of the OSD and Nature's Remedy acquisition agreements, the sellers contractually agreed to indemnify the Company for certain amounts that may become payable, including for taxes that relate to periods prior to the date of acquisition. Accordingly, the Company recorded indemnification assets and corresponding estimated accrued tax liabilities, at fair value, for a total of $2,733 as of the dates of the acquisitions. The range of total estimated potential indemnification assets is from $0 to $6,322; however, there is no limit on the Nature's Remedy indemnification asset. Additional subsequent changes in the amounts recognized for the indemnification assets may occur in relation to the provision for the corresponding tax liabilities, according to changes in the range of outcomes or the assumptions used to develop the estimates of the liabilities at the time of the acquisition.

(2) The licenses acquired have indefinite useful lives. The customer relationships have a useful life of 15 years and the tradenames have a useful life of 5 years.

2021 Business Combinations

Nature's Remedy

On September 10, 2021, the Company acquired 100% of the equity of Nature's Remedy of Massachusetts, Inc. and certain of its affiliates (collectively, "Nature's Remedy"), for upfront consideration comprised of cash, net of working capital adjustments, 8,700,000 SVS (with a grant date fair value of $4.10 each), an $11,500 unsecured three-year note and a $5,000 unsecured five-year note.

Nature's Remedy is a vertically integrated single state operator in Massachusetts and currently operates two retail dispensaries, in Millbury, MA and Tyngsborough, MA, and a 50,000 sq. ft. cultivation and production facility in Lakeville, MA. The goodwill is not tax deductible.

The Company also agreed to issue a $5,000 increase to the principal balance of the three-year note and up to an additional $5,000 in Company SVS upon the occurrence or non-occurrence of certain events after the closing date. The payment of the contingent consideration depends on whether or not a competitor opens a competing dispensary within a certain radius of the Company's dispensary in the Town of Tyngsborough, MA during the first 12 months following the acquisition (The "First Milestone Period") or during the 18 months following the end of the First Milestone Period. As of the date of acquisition, the Company recognized a contingent consideration liability of $8,223, a Level 3 measurement amount, which was based on the weighted-average probability of the potential outcomes. The estimated range of such additional consideration is between $0 and $10,800 (which also includes the interest on the additional principal for the three-year note). Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred for the business combination. Contingent consideration that is classified as a liability is remeasured at subsequent reporting dates with the corresponding gain or loss being recognized in Other, net in the consolidated statements of operations and comprehensive income (loss).

As of June 30, 2022, the Company remeasured the contingent consideration and increased the total liability, primarily related to accretion from $8,223 on December 31, 2021, to $8,871 on June 30, 2022. The Company utilized the cash flows associated with the weighted-average probability of the potential outcomes to determine the potential cash outflows that are short-term vs. long-term. As a result, the Company classified $1,828 as a short-term contingent liability and $7,043 as a long-term contingent liability as of June 30, 2022.

(Amounts Expressed in Thousands of United States Dollars, Unless Otherwise Stated)

OSD

On April 30, 2021, the Company acquired 100% of the equity of Organic Solutions of the Desert, LLC ("OSD"), an operating dispensary located in Palm Springs, California, for consideration comprised of cash, as adjusted for working capital adjustments, and $3,100 principal amount of promissory notes. Refer to "Promissory Notes Payable" in Note 9 - Debt for details on the seller notes. The goodwill is not tax deductible.

Preliminary Purchase Price Allocations for 2021 Business Combinations

The consideration for Nature's Remedy has been allocated to the estimated fair values of the assets acquired and liabilities assumed at the dates of the acquisitions and remain preliminary as of June 30, 2022. These estimated fair values involve significant judgement and estimates. The primary areas of judgement involved are the valuation of the intangible assets acquired, which requires management to estimate value based on future cash flows from these assets. The primary areas of the preliminary purchase price allocations that are not yet finalized relate to: intangible assets acquired, property, plant and equipment, indemnification assets, contingent consideration, deferred tax liabilities, and residual goodwill. The Company expects to continue to obtain information to assist in determining the fair value of the net assets acquired as of the respective acquisition dates during the measurement period.

2021 Asset Acquisitions

The Company determined that the OhiGrow and Grover Beach acquisitions described below did not qualify as business combinations because, for OhiGrow, the assets acquired did not constitute a business, and for Grover Beach, under the concentration test, substantially all of the fair value of the acquisition is concentrated in a single identifiable asset – the license.

OhiGrow

In July 2021, the Company acquired OhiGrow, LLC, a licensed cultivator in Ohio, and Ohio Green Grow LLC (collectively, "OhiGrow"), inclusive of an approximately 10,000 sq. ft. facility and 1.35 acres of land for $4,949 in cash.

Grover Beach

On March 4, 2021, the Company closed on the acquisition of approximately 78% of the equity of a retail license holder located in Grover Beach, California ("Grover Beach") for $3,592 in cash, as adjusted for working capital adjustments, and 49,348 SVS at a fair value of $7.46 per share, with the rights to acquire the remaining equity for one dollar in the future. On September 9, 2022, the Company exercised its rights to acquire the remaining 22%.

Business Combinations Acquisition Results and Unaudited Supplemental Pro Forma Financial Information

The following table summarizes consolidated proforma revenue and consolidated proforma net income (loss) as if the business combinations had occurred at the beginning of the year prior to their actual acquisition for the periods presented:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue	$ 73,149	$ 69,472	$ 144,309	$ 132,259
Net income (loss)	$ 12,712	$ (140)	$ (4,636)	$ (33,112)

(Amounts Expressed in Thousands of United States Dollars, Unless Otherwise Stated)

These unaudited pro forma financial results do not purport to be indicative of the actual results that would have been achieved by the combined companies for the years indicated, or of the results that may be achieved by the combined companies in the future. These amounts have been calculated using actual results and adding pre-acquisition results, after adjusting for: acquisition costs, additional depreciation and amortization from acquired property, plant and equipment and intangible assets, as well as adjustments for incremental interest expense relating to consideration paid, and changes to conform to the Company's accounting policies.

The results of Apothecarium and NuLeaf are included in the Company's results since their respective acquisition date. For the three and six months ended June 30, 2022, in the aggregate, Apothecarium and NuLeaf, contributed revenues of $9,008 and $9,564, respectively, and net loss of ($740) and ($811), respectively, to the Company's consolidated results.

8. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

The components of accrued expenses and other current liabilities are as follows:

	June 30, 2022 (unaudited)	December 31, 2021
Accrued capital expenditures	$ 12,154	$ 17,599
Goods received not invoiced	6,846	8,007
Accrued employee related expenses and liabilities	6,074	6,062
Accrued professional and management fees	1,856	5,139
Accrued sales and excise taxes	1,566	2,535
Accrued interest	2,173	1,181
Deferred revenue (loyalty program)	1,910	1,427
Operating lease obligations - current portion	2,829	2,745
Contingent consideration liabilities - current portion[1]	8,560	—
Other accrued expenses and current liabilities	5,206	3,277
Total	$ 49,174	$ 47,972

[1] Refer to Note 7 - Acquisitions.

9. DEBT

The components of the Company's debt are as follows:

	Effective Interest Rate	Maturity Date	June 30, 2022	December 31, 2021
Principal amounts:				
Senior Notes	37%	January 2023	$ 74,935	$ 75,193
Acquisition Facility	14%	October 2026	65,000	40,000
Acquisition-related promissory notes payable	7% - 24%	November 2022 - April 2027	51,583	25,767
Other debt [1]	6% - 12%	March 2022 - July 2050	15,876	11,728
Total debt - principal amounts			$ 207,394	$ 152,688
Less: debt issuance costs and original issue discounts			(21,397)	(23,536)
Total debt - carrying amounts			$ 185,997	$ 129,152
Debt - current portion			$ 70,322	$ 6,181
Debt - non-current portion			$ 115,675	$ 122,971

[1] Includes Jushi Europe debt. Refer to Note 15 - Non-Controlling Interests.

(Amounts Expressed in Thousands of United States Dollars, Unless Otherwise Stated)

As of June 30, 2022, aggregate future contractual maturities of the Company's debt are as follows:

	Remainder of the year	2023	2024	2025	2026	Thereafter	Total
Senior Notes	$ —	$ 74,935	$ —	$ —	$ —	$ —	$ 74,935
Acquisition Facility	—	—	4,875	6,500	53,625	—	65,000
Acquisition-related promissory notes payable [(1)]	2,412	3,448	17,385	1,971	6,970	19,397	51,583
Other debt	4,095	589	100	107	4,616	6,369	15,876
Total	$ 6,507	$ 78,972	$ 22,360	$ 8,578	$ 65,211	$ 25,766	$ 207,394

(1) The Promissory Note that matures in 2022 is a mandatorily convertible note that will be settled in 910,000 SVS.

Interest expense, net is comprised of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Interest and accretion - Senior Notes	$ 5,838	$ 4,371	$ 11,236	$ 9,574
Interest - Finance lease liabilities	3,013	2,297	5,914	3,687
Interest and accretion - Promissory notes	1,347	302	2,084	614
Interest and accretion - Acquisition Facility	1,854	—	3,294	—
Interest and accretion - Other debt	221	140	620	252
Capitalized interest	(1,303)	(155)	(2,047)	(240)
Total interest expense	$ 10,970	$ 6,955	$ 21,101	$ 13,887
Interest income	(23)	(87)	(38)	(184)
Total interest expense, net	$ 10,947	$ 6,868	$ 21,063	$ 13,703

Other Debt - PAMS Sale-leaseback Transactions

During 2021, the Company acquired land and buildings that are adjacent to the Company's Pennsylvania Medical Solutions, LLC ("PAMS") cultivation facility in order to expand the facility. In February 2022, the Company then closed on the sale of such land and buildings for $3,265 to the landlord of the Company's cultivation facility. Also, in February 2022, the Company entered into a leaseback agreement with the landlord. The Company concluded that control, including the significant risks and rewards of ownership, did not transfer to the buyer-lessor at the inception of the sale-leaseback transaction. Accordingly, the transaction did not meet the accounting criteria for a successful sale-leaseback transaction and therefore represents a financing obligation with a lease term ending in April 2048. As a result, the Company recognized a liability of $3,265, which will be amortized as a reduction of rental expense over the term of the failed lease using an incremental borrowing rate of 11.6%.

Unsecured Promissory Notes

Apothecarium

In March 2022, in connection with the Apothecarium acquisition, the Company issued to the seller two unsecured promissory notes with a total principal amount of $9,853, with no stated interest and both maturing in March 2027. The promissory notes provide for a principal payment of $3,448 on the 21st month anniversary, followed by 39 equal monthly payments for the remaining balance.

(Amounts Expressed in Thousands of United States Dollars, Unless Otherwise Stated)

NuLeaf

In April 2022, in connection with the NuLeaf acquisition, the Company issued to the seller unsecured promissory notes with an aggregate total principal amount of $15,750 with a stated interest rate of 8% and maturity date in April 2027. The promissory notes provide for a full principal payment on the maturity date.

Amendments to the Acquisition Facility

In April 2022, the Company entered into an amendment to the Acquisition Facility pursuant to which: (i) the commencement of leverage testing was pushed back by four quarters (now beginning March 31, 2023 as reflected in the table below), (ii) certain leverage ratios were revised; and (iii) the Company may proceed with a reorganization pursuant to a petition for bankruptcy in Switzerland with respect to Jushi Europe without potentially defaulting under the Acquisition Facility. Refer to Note 15 - Non-Controlling Interests for additional information on Jushi Europe.

Total Leverage Ratio, calculated as the ratio of Total Funded Indebtedness to EBITDAR (all such terms are defined in the Acquisition Facility agreement) not to exceed the correlative ratio below:

Applicable Ratio	Fiscal Quarter Ending
6.00 to 1.00	March 31, 2023
5.00 to 1.00	June 30, 2023
4.00 to 1.00	September 30 and December 31, 2023
3.50 to 1.00	March 31, 2024 and all fiscal quarters ending thereafter

Additionally, in April 2022, the Company drew down $25,000 from the Acquisition Facility to fund the cash portions of the NuLeaf and Apothecarium acquisitions.

10. LEASE OBLIGATIONS

The Company leases certain business facilities for corporate, retail and cultivation operations from third parties under lease agreements that specify minimum rentals. In addition, the Company leases certain equipment for use in cultivation and extraction activities. The Company determines whether a contract is or contains a lease at the inception of the contract. The expiry dates of the leases, including reasonably certain estimated renewal periods, are between 2022 and 2052. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following table provides the components of lease cost recognized in the consolidated statements of operations and comprehensive income (loss) for the periods presented.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Operating lease cost	$ 914	$ 499	$ 1,800	$ 956
Finance lease cost:				
Amortization of lease assets	1,261	710	2,403	1,076
Interest on lease liabilities	3,013	2,297	5,914	3,687
Total finance lease cost	$ 4,274	$ 3,007	$ 8,317	$ 4,763
Variable lease cost	$ 89	$ 83	$ 182	$ 158
Total lease cost	$ 5,277	$ 3,589	$ 10,299	$ 5,877

(Amounts Expressed in Thousands of United States Dollars, Unless Otherwise Stated)

Other information related to operating and finance leases as of the balance sheet dates presented are as follows:

	June 30, 2022 (unaudited)		December 31, 2021	
	Finance Leases	Operating Leases	Finance Leases	Operating Leases
Weighted average discount rate	11.71 %	11.40 %	11.75 %	11.50 %
Weighted average remaining lease term (in years)	22.1	13.8	22.6	14.6

The maturities of the contractual undiscounted lease liabilities as of June 30, 2022 are as follows:

	Finance Leases	Operating Leases
Remainder of the year	$ 8,718	$ 1,505
2023	11,470	3,377
2024	11,634	3,118
2025	12,199	2,899
2026	11,968	2,663
Thereafter	265,639	30,183
	$ 321,628	$ 43,745
Interest on lease liabilities	(215,466)	(23,975)
Total present value of minimum lease payments	$ 106,162	$ 19,770
Lease liabilities - current portion	$ 13,117	$ 2,829
Lease liabilities - non-current	$ 93,045	$ 16,941

11. DERIVATIVE LIABILITIES

The continuities of the Company's derivative liabilities are as follows:

	Total Derivative Liabilities (1)(3)
Carrying amounts as of January 1, 2022	$ 92,435
Fair value changes (2)	(56,881)
Derivative Warrants exercises	(9,265)
Carrying amounts as of June 30, 2022	$ 26,289

(1) Refer to Note 12 - Equity for the continuity of the number of these warrants outstanding.
(2) Included in other income (expense), net in the consolidated statements of operations and comprehensive income (loss).
(3) Includes mandatory prepayment option on the Senior Notes, which had a fair value of $174 as of June 30, 2022.

The Company's derivative liabilities are primarily comprised of derivative warrants. These are warrants to purchase SVS of the Company which were issued in connection with the Senior Notes (the "Derivative Warrants"), have an expiration date of December 23, 2024 and an exercise price of US$1.25. There were 36,616,355 and 40,124,355 Derivative Warrants outstanding as of June 30, 2022 and December 31, 2021, respectively. The Derivative Warrants may be net share settled.

These warrants are considered derivative financial liabilities measured at fair value with all gains or losses recognized in profit or loss as the settlement amount for the warrants may be adjusted during certain periods for variables that are not inputs to standard pricing models for forward or option equity contracts, i.e., the "fixed for fixed" criteria under ASC 815-40. The estimated fair value of the Derivative Warrants is measured at each reporting period and an adjustment is reflected in fair value changes in derivatives in the consolidated statements of operations and comprehensive income (loss). These are Level 3 recurring fair value measurements. The estimated fair value of the Derivative Warrants was determined using the Black-Scholes model with stock price based on the CSE closing price translated into U.S. dollar as of June 30, 2022, and Monte Carlo simulation model with stock price based on the OTCQX Best Market closing price as of December 31, 2021. The assumptions used in the fair value calculations as of the balance sheet dates presented include the following:

(Amounts Expressed in Thousands of United States Dollars, Unless Otherwise Stated)

	June 30, 2022 (unaudited)	December 31, 2021
Stock price	$1.45	$3.25
Risk-free annual interest rate	2.95%	0.97%
Range of estimated possible exercise price	$1.25	$0.04 - $1.25
Volatility	71%	73%
Remaining life (years)	2.48 years	3 years
Forfeiture rate	0%	0%
Expected annual dividend yield	0%	0%

Volatility was estimated by using a weighting of the Company's historical volatility and the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies. The risk-free interest rate for the expected life of the Warrants was based on the yield available on government benchmark bonds with an approximate equivalent remaining term. The expected life is based on the contractual term. If any of the assumptions used in the calculation were to increase or decrease, this could result in a material or significant increase or decrease in the estimated fair value of the derivative liability. For example, the following table illustrates an increase or decrease in certain significant assumptions as of the balance sheet dates:

	As of June 30, 2022 (unaudited)			As of December 31, 2021		
	Input	Effect of 10% Increase	Effect of 10% Decrease	Input	Effect of 10% Increase	Effect of 10% Decrease
Stock price	$ 1.45	$ 4,124	$ (3,984)	$ 3.25	$ 12,781	$ (10,834)
Volatility	71 %	$ 1,728	$ (1,776)	73 %	$ 4,473	$ (3,210)

12. EQUITY

Authorized, Issued and Outstanding

The authorized share capital of the Company consists of an unlimited number of Preferred Shares, SVS, Multiple Voting Shares, and Super Voting Shares. As of June 30, 2022, the Company had 194,653,132 SVS issued and outstanding and no Preferred Shares, Multiple Voting Shares, and Super Voting Shares issued and outstanding. On August 9, 2021, all of the 149,000 previously issued and outstanding Super Voting Shares and all of the 4,000,000 previously outstanding Multiple Voting Shares were converted into SVS in accordance with their terms as described in Jushi Holdings Inc.'s Articles of Incorporation. All previously outstanding warrants to acquire Super Voting Shares and Multiple Voting Shares were also converted into warrants to acquire SVS, without any other amendment to the terms of such warrants.

Private Placements

In January 2022, the Company closed non-brokered private placement offerings for an aggregate 3,717,392 SVS at a price of $3.68 per share to an existing investor group for aggregate gross proceeds of $13,680.

Restricted Stock and Stock Options

Refer to Note 13 - Share-Based Compensation and Other Benefits for details of restricted stock awards and stock option grants.

(Amounts Expressed in Thousands of United States Dollars, Unless Otherwise Stated)

Other Equity

Refer to Note 9 - Debt for details of a convertible promissory note classified as equity.

Warrants

Each warrant entitles the holder to purchase one SVS. The following table summarizes all warrants outstanding as of June 30, 2022:

Expiration Date	Exercise Price ($)	Number of Warrants
2022	1.25 - 1.31	662,738
2023	1.47 - 1.50	337,500
2024	1.25	35,532,922
2025	1.25 - 3.00	2,168,508
2026	4.18	300,000
2029	0.50 - 2.00	26,367,627
Total warrants		65,369,295

As of June 30, 2022, warrants issued and outstanding have a weighted-average remaining contractual life of 4.3 years. Certain warrants may be net share settled.

The following table summarizes the status of warrants and related transactions:

	Non-Derivative Warrants	Derivative Warrants (2)	Total Number of Warrants	Weighted - Average Exercise Price
Balance as of January 1, 2022	29,156,048	40,124,355	69,280,403	$ 1.19
Granted	100,000	—	100,000	$ 3.00
Exercised (1)	(503,108)	(3,508,000)	(4,011,108)	$ 1.26
Balance as of June 30, 2022	28,752,940	36,616,355	65,369,295	$ 1.19
Exercisable as of June 30, 2022	27,102,940	36,616,355	63,719,295	$ 1.15

(1) The weighted average share price as of the dates of exercise was $3.64. The Company issued 2,843,863 SVS and received $751 in cash proceeds during the six months ended June 30, 2022 for warrants exercised.
(2) Derivative warrants which were issued to the Senior Notes holders and which have an exercise price of $1.25. These warrants represent a derivative liability and are therefore not classified as equity in the statement of financial position. Refer to Note 11 - Derivative Liabilities.

13. SHARE-BASED COMPENSATION AND OTHER BENEFITS

The components of share-based compensation expense are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Stock options	$ 3,955	$ 769	$ 9,799	$ 1,698
Restricted stock	446	1,705	1,279	4,243
Warrants	283	259	570	806
Total share-based compensation expense	$ 4,684	$ 2,733	$ 11,648	$ 6,747

(Amounts Expressed in Thousands of United States Dollars, Unless Otherwise Stated)

Equity Incentive Plan

Under the Company's 2019 Equity Incentive Plan, as amended (the "Plan"), non-transferable options to purchase SVS and restricted SVS of the Company may be issued to directors, officers, employees, or consultants of the Company. The Plan authorizes the issuance of up to 15% (plus an additional 2% inducements for hiring employees and senior management) of the number of outstanding shares of common stock (of all classes) of the Company (the "Share Reserve"). Incentive stock options are limited to the Share Reserve as of June 6, 2019. As of June 30, 2022, the maximum number of incentive awards available for issuance under the 2019 Plan, including additional awards available for certain new hires, was 10.5 million.

(a) Stock Options

The stock options issued by the Company are options to purchase SVS of the Company. All stock options issued have been issued to employees of certain subsidiaries of the Company under the Company's Plan. Such options generally expire in ten years from the date of grant and generally vest ratably over three years from the grant date. The options generally may be net share settled.

The following table summarizes the status of stock options and related transactions:

	Number of Stock Options	Weighted-Average Per Share Exercise Price
Issued and Outstanding as of January 1, 2022	20,429,120	$ 3.20
Granted [(1)]	1,667,000	$ 2.45
Exercised [(2)]	(254,998)	$ 1.69
Forfeited/expired	(340,002)	$ 3.83
Issued and Outstanding as of June 30, 2022	21,501,120	$ 3.15
Exercisable as of June 30, 2022	10,639,594	$ 2.50

(1) The weighted-average per share grant date fair value was $1.56.
(2) The weighted-average share price at the date of exercise was $3.99.

The following table summarizes the issued and outstanding stock options as of June 30, 2022:

Expiration Year	Stock Options Outstanding	Exercise Price	Stock Options Exercisable
2028	720,000	$1.00 - $1.35	720,000
2029	7,019,668	$1.26 - $2.75	6,799,664
2030	852,500	$0.91 - $3.98	423,326
2031	11,266,952	$3.70 - $6.53	2,696,604
2032	1,642,000	$1.6 - $4.2	—
	21,501,120		10,639,594

As of June 30, 2022, stock options outstanding have a weighted-average remaining contractual life of 8.39 years.

(Amounts Expressed in Thousands of United States Dollars, Unless Otherwise Stated)

In determining the amount of share-based compensation expense related to stock options issued, the Company used the Black-Scholes option-pricing model to establish the measurement date fair value of stock options granted during the period. The following assumptions were applied at the time of grant:

	Six Months Ended June 30,	
	2022	2021
Stock price	\$1.60 - \$3.94	\$5.71 - \$6.53
Risk-free annual interest rate	1.83% - 3.24%	0.45% - 1.25%
Expected annual dividend yield	0%	0%
Volatility	74%	77%
Expected life of stock options	5.2 - 7.5 years	5 - 7.48 years
Forfeiture rate	0%	0%

Volatility was estimated by using a weighting of the Company's historical volatility and the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies. The expected life in years represents the period of time that stock options issued are expected to be outstanding, using the simplified method. The simplified method represents the Company's best estimate of the expected term of the options, given the Company's limited history available. The risk-free rate is based on U.S. Treasury bills with a remaining term equal to the expected life of the options. The Company does not anticipate paying dividends in the foreseeable future, and as a result, the expected annual dividend yield is expected to be 0%.

(b) Restricted Stock Grants

The Company grants restricted SVS to independent directors, management, former owners of acquired businesses or assets, and to consultants and other employees. The restricted SVS are included in the issued and outstanding SVS. The following table summarizes the status of restricted stock and related transactions:

	Number of Restricted Subordinate Voting Shares
Unvested restricted stock as of January 1, 2022	2,859,151
Granted [(1)]	5,952
Cancelled	(7,813)
Vested	(1,644,588)
Unvested restricted stock as of June 30, 2022	1,212,702

(1) The weighted-average per share grant date fair value was \$4.20

Generally, restricted stock awards will vest either one-third on each anniversary of service from the vesting start date or will be fully vested on the completion of one year of full service from the vesting start date, depending on the award. As of June 30, 2022, unvested restricted stock awards have a weighted-average remaining vesting period of 0.81 years.

(Amounts Expressed in Thousands of United States Dollars, Unless Otherwise Stated)

14. INCOME TAXES

The following table summarizes the Company's income tax expense and effective tax rates for the three and six months ended June 30, 2022 and 2021:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Income (Loss) Before Income Taxes	$ 19,776	$ 9,004	$ 5,070	$ (13,735)
Income Tax Expense	$ 7,710	$ 6,368	$ 12,761	$ 14,679
Effective Tax Rate	39 %	71 %	252 %	(107)%

The Company has computed its provision for income taxes based on the actual effective rate for the quarter as the Company believes this is the best estimate for the annual effective tax rate.

Due to its cannabis operations, the Company is subject to the limitation of U.S. Internal Revenue Code of 1986, as amended ("IRC") Section 280E under which the Company is only allowed to deduct "costs of goods sold". This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income which provides for effective tax rates that are well in excess of statutory tax rates.

The Company's tax returns benefited from not applying IRC Section 280E to certain entities of the consolidated group either due to the entity not yet starting operations or because the entity had a separate trade or business that was not medical or recreational cannabis operations. The Company determined that it is not more likely than not these tax positions would be sustained under examination.

As a result, the Company has an uncertain tax liability of $46,459 and $41,990 as of June 30, 2022 and December 31, 2021, respectively, inclusive of interest and penalties, which is included in income tax liabilities - non-current in the consolidated balance sheets.

15. NON-CONTROLLING INTERESTS

Jushi Europe

The Company's non-controlling interests are comprised primarily of the non-controlling interest in Jushi Europe. In March 2020, the Company finalized its agreement to expand internationally through the establishment of Jushi Europe. Jushi Europe planned to build out its European business through a combination of strategic acquisitions, partnerships, and license applications, focused on supplying the highest-quality medical cannabis products to patients throughout Europe. During the first quarter of 2020, the Company received $2,000 in cash from the 49% investor partner. The Company owns 51% of Jushi Europe and is exposed, or has rights, to variable returns from Jushi Europe and has the power to govern the financial and operating policies of Jushi Europe through voting control so as to obtain economic benefits, and therefore the Company has consolidated Jushi Europe from the date of acquisition.

During the fourth quarter of 2020, Jushi Europe entered into a credit agreement with a relative of the Jushi Europe non-controlling partner and received €500 (approximately $614) principal amount. In January 2021, Jushi Europe received €1,000 (approximately $1,214 as of December 31, 2021) principal amount pursuant to a credit agreement with an individual. These credit agreements accrue interest at 5% per annum, payable annually in arrears, and mature on November 11, 2024. The outstanding balance may be prepaid at any time prior to maturity without penalty and may be offset with receivables from the lender. Subsequent to December 31, 2021, it was determined that Jushi Europe was insolvent. The insolvency created an event of default under the unsecured credit agreements and the notes are immediately due and payable.

(Amounts Expressed in Thousands of United States Dollars, Unless Otherwise Stated)

In April 2021, Jushi Europe entered into an unsecured bridge loan with the Company (51% owner) and an investment partner for a total of €1,800 (~$2,141) principal amount, of which €900 (~$1,070) was contributed by the Company and is eliminated in consolidation. In September 2021, the parties amended the loan agreement and an additional €1,200 (~$1,390) in funding was provided for Jushi Europe, of which 51% was contributed by the Company and is eliminated in consolidation. The bridge loans, as amended, currently accrue interest at 0.5% per annum, which is the foreign marginal lending facility rate plus 25 basis points. All payments including interest are due on maturity, which is 180 days post amendment. These loans had not yet been repaid and are delinquent.

On February 16, 2022, Jushi Europe filed a notice of over-indebtedness with the Swiss courts. The Swiss court declared Jushi Europe's bankruptcy on May 19, 2022. As a result of the impending proceedings, the Company determined that the assets of Jushi Europe were impaired and recognized an impairment loss of $4,561 for the year ended December 31, 2021.

16. EARNINGS (LOSS) PER SHARE

The reconciliations of the net income (loss) and the weighted average number of shares used in the computations of basic and diluted Earnings (loss) per share attributable to Jushi shareholders are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	**2021**	**2022**	**2021**
Numerator:				
Net income (loss) and comprehensive income (loss) attributable to Jushi shareholders	$ 12,066	$ 2,826	$ (7,691)	$ (28,049)
Less undistributed net income (loss) for participating securities	(213)	(105)	66	282
Net income(loss) and comprehensive income (loss) - basic	11,853	2,721	(7,625)	(27,767)
Add-back undistributed net income (loss) for participating securities	213	105	(66)	(282)
Dilutive effect of net income from derivative warrants liability	(42,572)	(21,061)	(56,881)	(11,104)
Less undistributed net income (loss) for participating securities	(197)	(88)	140	961
Net loss and comprehensive loss attributable to Jushi shareholders - diluted	$ (30,703)	$ (18,324)	$ (64,432)	$ (38,192)
Denominator:				
Weighted-average shares of common stock - basic	190,870,572	163,512,333	187,147,856	160,426,413
Dilutive effect of derivative warrants	14,826,581	33,028,892	20,890,427	33,671,370
Weighted-average shares of common stock - diluted	205,697,153	196,541,225	208,038,283	194,097,783
Net income (loss) per common share attributable to Jushi:				
Basic	$ 0.06	$ 0.02	$ (0.04)	$ (0.17)
Diluted	$ (0.15)	$ (0.09)	$ (0.31)	$ (0.20)

Basic and diluted weighted-average shares of common stock for each of the presented period exclude the weighted average shares of participating securities. Basic earnings (loss) per share attributable to Jushi shareholders is computed by dividing the net income (loss) and comprehensive income (loss) – basic by the basic weighted-average shares of common stock. Diluted earnings (loss) per share attributable to Jushi stockholders are computed by dividing the net income (loss) and comprehensive income (loss) – diluted by the diluted weighted-average shares of common stock, which includes all potentially dilutive common stock equivalents, such as stock options, warrants, and convertible promissory notes.

(Amounts Expressed in Thousands of United States Dollars, Unless Otherwise Stated)

Basic and diluted earnings (loss) per share attributable to Jushi shareholders are presented in conformity with the two-class method required for participating securities. The two-class method determines earnings (loss) per share for each class of common stock and participating securities according to dividends or any other distributions declared during the restricted period and their respective participation rights in undistributed earnings. On August 9, 2021, all the 149,000 previously issued and outstanding Super Voting Shares and all the 4,000,000 previously outstanding Multiple Voting Shares were converted into SVS in accordance with their terms as described in Jushi Holdings Inc.'s Articles of Incorporation. Refer to Note 12 - Equity. The number of basic and diluted weighted-average shares outstanding for 2021 assumes the conversion of the Multi Voting Share and Super Voting Shares into SVS as of the beginning of the year. Other than voting rights, the Multi Voting Shares and Super Voting Shares had the same rights as the SVS and therefore all these shares are treated as the same class of common stock for purposes of the earnings (loss) per share calculations.

The number of common stock (SVS) includes (1) restricted stock awards in which the participants have non-forfeitable rights to dividend or any other distributions declared during the restricted period and (2) shares issued to employees for which a corresponding non-recourse promissory note receivable with the employee is outstanding until the notes are repaid, and both are considered to be participating securities. Holders of restricted stock awards are not obligated to participate in losses until the shares are vested.

The following table summarizes equity instruments that may, in the future, have a dilutive effect on earnings (loss) per share, but were excluded from consideration in the computation of diluted net loss per share for the three and six months ended June 30, 2022 and 2021, because the impact of including them would have been anti-dilutive:

	June 30,	
	2022	2021
Stock options	21,501,120	10,306,453
Warrants	28,752,940	31,874,060
Convertible promissory notes	910,000	910,000
	51,164,060	43,090,513

Additionally, 888,880 SVS for contingent consideration related to NuLeaf (Refer to Note 7 - Acquisitions) are not included in the calculation of earnings (loss) per share because their effect would have been anti-dilutive. Furthermore, $5,000 worth of potential SVS, which as of June 30, 2022 is equivalent to 3,291,885 SVS, for contingent consideration related to Nature's Remedy are not included in the calculation of earnings (loss) per share because their contingency has not been satisfied as of June 30, 2022.

17. OPERATING EXPENSES

The major components of operating expenses are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Salaries, wages and employee related expenses	$ 18,593	$ 14,519	$ 35,930	$ 24,401
Other general and administrative expenses [(1)]	12,523	6,961	23,133	13,762
Share-based compensation expense	4,684	2,733	11,648	6,747
Depreciation and amortization expense	2,865	1,274	5,121	2,249
Acquisition and deal costs	1,161	870	1,302	1,109
Gain on contingent consideration	(1,081)	—	(676)	—
Total operating expenses	$ 38,745	$ 26,357	$ 76,458	$ 48,268

[(1)] Other general and administrative expenses are primarily comprised of rent and related expenses, professional fees and legal expenses, marketing and selling expenses, insurance costs, administrative and application fee, software and technology costs, travel, entertainment and conferences and other.

(Amounts Expressed in Thousands of United States Dollars, Unless Otherwise Stated)

18. OTHER INCOME (EXPENSE)

The components of other expense, net are as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Gains (losses) on investments and financial assets	$ —	$ 43	$ —	$ 1,191
Losses on debt redemptions/extinguishments/ modifications	—	—	—	(3,815)
Gains (losses) on legal settlements	—	(601)	24	(1,408)
Other	228	71	(94)	168
Other income (expense), net	$ 228	$ (487)	$ (70)	$ (3,864)

19. RELATED PARTY TRANSACTIONS

The Company had the following related party transactions:

	Three Months Ended June 30, (unaudited)		Six Months Ended June 30, (unaudited)		As of	
	2022	2021	2022	2021	June 30, 2022 (unaudited)	December 31, 2021
Nature of transaction	Related Party Income (Expense)		Related Party Income (Expense)		Related Party Prepaid/Receivable (Payable)	
Management services agreements (1)	$ —	$ (10)	$ —	$ (20)	$ —	$ —
Senior Notes - interest expense and principal amount (2)	$ (8)	$ (54)	$ (17)	$ (100)	$ (342)	$ (1,194)
Other debt (3)	$ —	$ —	$ —	$ —	$ (3,134)	$ (3,384)
Loans to senior key management - interest charged and principal plus accrued interest outstanding (4)	$ —	$ 30	$ —	$ 61	$ —	$ —

(1) Includes fees paid to entities controlled by the Company's Chief Executive Officer, James Cacioppo, for shared costs of administrative services, the provision of financial and research-related advice, and sourcing and assisting in mergers, acquisitions and capital transactions. These amounts are included in operating expenses within the consolidated statements of operations and comprehensive income (loss). Excludes expense from previously issued warrants, which is included in stock-based compensation expense. For the six months ended June 30, 2022 and 2021, total expense for previously issued warrants was $10 and $43, respectively.

(2) For the six months ended June 30, 2022, interest expense includes amounts related to certain senior key management, directors and other employees as well as a significant investor. Interest expense for six months ended June 30, 2022 and 2021 cannot be reliably determined as the majority of the Senior Notes are publicly traded. Principal amounts outstanding as of June 30, 2022 and December 31, 2021 are also estimates for this reason.

(3) Refer to Note 15 - Non-Controlling Interests for details of other loans from related parties.

(4) In January 2021, an executive received a loan from the Company of $174 for withholding tax requirements for RSAs issued to the executive, which was repaid in full via payroll deductions. In April 2019, the Company entered into promissory notes with certain executives for the purchase of restricted stock, pursuant to which those executives borrowed an aggregate of $1,813 at a rate of 2.89% per annum, compounded annually. As these loans were non-recourse loans under the accounting guidance they were not reflected in the consolidated balance sheet or table above. As of December 31, 2021, all these balances plus accrued interest have been settled. The balances including accrued interest were settled as part of the executive's regular pay and bonus, severance or

via shares repurchased by the Company. During the year ended December 31, 2021, the Company received 471,757 shares from key management personnel in full settlement of principal amount $2,007 outstanding promissory notes and related interest.

20. COMMITMENTS AND CONTINGENCIES

Contingencies

Although the possession, cultivation and distribution of cannabis for medical and recreational use is permitted in certain states, cannabis is classified as a Schedule-I controlled substance under the U.S. Controlled Substances Act and its use remains a violation of federal law. The Company's operations are 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 operations, or losses of permits that could result in the Company ceasing operations. While management believes that the Company is in material compliance with applicable local and state regulations as of June 30, 2022, marijuana regulations continue to evolve and are subject to differing interpretations. As a result, the Company could be subject to regulatory fines, penalties or restrictions at any time. Since federal law criminalizing the use of cannabis preempts state laws that legalize its use, strict enforcement of federal law regarding cannabis would likely result in the Company's inability to proceed with the Company's business plans. In addition, the Company's assets, including real property, cash and cash equivalents, equipment, inventory and other goods, could be subject to asset forfeiture because cannabis is still federally illegal.

Refer to Note 14 - Income Taxes for certain tax-related contingencies and to Note 7 - Acquisitions for an acquisition-related contingent consideration liability.

Claims and Litigation

Any proceeding that may be brought against the Company could have a material adverse effect on the Company's business plans, financial condition and results of operations. From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. Except as disclosed below, as of June 30, 2022, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the Company's financial results. There are also 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.

Refer to Note 15 - Non-Controlling Interests for the information regarding the bankruptcy of Jushi Europe.

Commitments

In addition to the contractual obligations outlined in Note 9 - Debt and Note 10 - Lease Obligations, the Company has the following commitments as of June 30, 2022:

Property and Construction Commitments

In connection with various license applications, the Company may enter into conditional leases or other property commitments which will be executed if the Company is successful in obtaining the applicable license and/or resolving other contingencies related to the license or application.

In addition, the Company expects to incur capital expenditures for leasehold improvements and construction of buildouts of certain locations, including for properties for which the lease is conditional on obtaining the applicable related license or for which other contingencies exist. If the Company were to be unsuccessful in obtaining a particular license or certain other conditions are not met, the previously capitalized improvements and buildouts relating to that license may need to be expensed in future periods in the statements of operations and comprehensive income (loss).

(Amounts Expressed in Thousands of United States Dollars, Unless Otherwise Stated)

21. FINANCIAL INSTRUMENTS

The Company applies fair value accounting for all financial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Company considers all related factors of the asset by market participants in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions, and credit risk.

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels, and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

(i) Level 1 – Observable inputs such as unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date;

(ii) Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by the observable market data for substantially the full term of the assets or liabilities;

(iii) Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table sets forth the Company’s financial assets and liabilities, subject to fair value measurements on a recurring basis by level within the fair value hierarchy as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Equity investment	$ —	$ —	$ 1,500	$ 1,500
	$ —	$ —	$ 1,500	$ 1,500
Financial liabilities:				
Derivative liabilities (1)	$ —	$ —	$ 26,289	$ 26,289
Contingent consideration liabilities (2)	—	—	15,603	15,603
	$ —	$ —	$ 41,892	$ 41,892

The following table sets forth the Company’s financial assets and liabilities, subject to fair value measurements on a recurring basis by level within the fair value hierarchy as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Financial assets:				
Equity investment	$ —	$ —	$ 1,500	$ 1,500
	$ —	$ —	$ 1,500	$ 1,500
Financial liabilities:				
Derivative liabilities (1)	$ —	$ —	$ 92,435	$ 92,435
Contingent consideration liabilities (2)	—	—	8,223	8,223
	$ —	$ —	$ 100,658	$ 100,658

(1) Refer to Note 11 - Derivative Liabilities
(2) Refer to Note 7 - Acquisitions

The carrying amounts of certain financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and certain accrued expenses, and certain other assets and liabilities held at amortized cost, approximate their fair values due to the short-term nature of these instruments. The equity investment approximates its fair value at June 30, 2022 and December 31, 2021. The carrying amounts of the promissory notes approximate their fair values as the effective interest rates are consistent with market rates. The fair value of the Senior Notes as of June 30, 2022 and December 31, 2021 approximated the principal amount.

There were no transfers between hierarchy levels during the six months ended June 30, 2022.

22. SUBSEQUENT EVENTS

In late September 2022, we were subject to a cybersecurity attack, which we believe was a phishing attack, that resulted in the transfer of approximately $500. The Company is currently investigating the matter and intends on using all avenues possible to recover some or all of the misappropriated funds. However, there is no assurance that such efforts will be successful.