NOTE TO READER

The Management's Discussion & Analysis of Jushi Holdings Inc. (the "Company") for the interim period ended June 30, 2022 has been re-filed on SEDAR (the "Re-filed MD&A") and replaces the MD&A previously filed by the Company on August 29, 2022. The Re-filed MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes thereto for the three and six months ended June 30, 2022 (the "Quarterly Financial Statements") filed on September 26, 2022. Readers should note that in the Re-filed MD&A, the Company revised the amounts disclosed for cash flows used in operating activities and cash flow provided by financing activities in the Liquidity and Capital Resources section for the six months ended June 30, 2022. Additionally, the Quarterly Financial Statements have been revised for the impact of an understatement of cost of goods sold in the Results of Operations section for the three and six months ended June 30, 2021.

JUSHI HOLDINGS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

(Expressed in United States Dollars, unless otherwise noted)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Management's Discussion and Analysis ("MD&A") covers the consolidated financial statements of Jushi Holdings Inc. and its controlled subsidiaries as of June 30, 2022, and for the three and six months then ended (the "Financial Statements"). Unless the context indicates or requires otherwise, the terms "Jushi", "the Company", "we", "us" and "our" refers to Jushi Holdings Inc. and its controlled entities. This MD&A should be read in conjunction with the unaudited interim condensed consolidated financial statements and notes thereto for the three and six months ended June 30, 2022 (the "Quarterly Financial Statements"). The Quarterly Financial Statements have been prepared by management and are 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 U.S. Securities and Exchange Commission ("SEC"), and should be read in conjunction with the audited consolidated financial statements and the accompanying notes thereto for the years ended December 31, 2021 and 2020 (the "Annual Financial Statements"), which are included in Jushi Holdings Inc.'s Registration Statement on Form S-1, initially filed with the SEC on July 22, 2022, as amended and declared effective by the SEC on August 12, 2022 ("S-1"). All amounts are expressed in United States ("U.S.") dollars unless otherwise noted.

Forward-Looking Statements

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

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

Company Overview

We are a vertically integrated, multi-state cannabis operator engaged in retail, distribution, cultivation, and processing operations in both medical and adult-use markets. We are focused on building a diverse portfolio of cannabis assets through opportunistic investments and pursuing application opportunities in attractive limited license jurisdictions. We have targeted assets in highly populated, limited license medical markets on a trajectory toward adult-use legalization, including Pennsylvania and Ohio, markets that are in the process of transitioning to adult-use, namely Virginia, and limited license, fast-growing, large adult-use markets, such as Illinois, Nevada and Massachusetts, and certain municipalities of California.

Factors Affecting our Performance and Related Trends

COVID-19

At the onset of the COVID-19 pandemic, we implemented new procedures at all operating locations to better protect the health and safety of our employees, medical patients, and customers across our network of dispensaries. Depending on the location, some of the initiatives include, but are not limited to: reducing the number of point-of-sale registers, restricting the number of people permitted in-store, restricting general store hours to permit access to those most susceptible to infection, and offering curbside pick-up. We have also directed a significant amount of traffic to our recently launched online informational tool and reservation platform, www.beyond-hello.com, which enables a medical patient or customer to view real-time pricing and product availability, and reserve products for convenient in-store pick-up at Beyond Hello™ locations across Pennsylvania, Illinois, California, and Virginia.

To date, our financial condition and results of operations have not been materially impacted by COVID-19. The extent to which the COVID-19 pandemic impacts our 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.

Competition and Pricing Pressure

The cannabis industry is subject to significant competition and pricing pressures, which is often market specific and can be caused by an oversupply of cannabis in the market, and may be transitory from period to period. We may experience significant competitive pricing pressures as well as competitive products and services providers in the markets in which we operate. Several significant competitors may offer products and/or services with prices that may match or are lower than ours. We believe that the products and services we offer are generally competitive with those offered by other cannabis companies. It is possible that one or more of our competitors could develop a significant research advantage over us that allows them to provide superior products or pricing, which could put us at a competitive disadvantage. Continued pricing pressure due to competition, increased cannabis supply or shifts in customer preferences could adversely impact our customer base or pricing structure, resulting in a material impact on our results of operations, or an impairment of our long-lived assets and intangible assets in future periods.

Recent Developments

Opening 35th Retail Location Nationwide and Fourth Virginia Dispensary

On August 31, 2022, we expanded our retail footprint in Virginia with the opening of our 35th retail location nationally and fourth medical dispensary in Virginia. The dispensary is located in Fairfax, VA and operate under the retail brand Beyond Hello™.

Registered as a U.S. Reporting Issuer

On August 12, 2022, our registration with the SEC as a reporting issuer became effective. As a result, we now report our financial statements in conformity with GAAP.

Settled Lawsuit with Large Multi-State Operator

On August 8, 2022, we announced that we entered into a confidential settlement agreement with Curaleaf Holdings, Inc. and with our former Chief Financial Officer to resolve claims we asserted in a lawsuit filed on July 15, 2022.

Opened 34th Retail Location Nationwide and Third Virginia Dispensary

On July 27, 2022, we expanded our retail footprint in Virginia with the opening of our 34th retail location nationally and third medical dispensary in Virginia. The dispensary is located in Alexandria, VA and operates under the retail brand Beyond Hello™.

Management Changes

On July 12, 2022, we appointed President Louis Jon Barack as Interim Chief Financial Officer, replacing Ed Kremer who resigned as Chief Financial Officer on the same date. Additionally, we announced on that same date that James Cabral, formerly Senior Vice President of Finance, was promoted to Chief Accounting Executive.

Grand Reopening of Beyond Hello™ Palm Springs

On July 11, 2022, we announced the grand reopening of our Beyond Hello™ Palm Springs retail location. The redesigned retail location features a new desert-inspired aesthetic, some of the most sought-after locally sourced cannabis and artisan crafts, along with a new art exhibit.

Debuted Line of Concentrate Products Using Hydrocarbon Extraction

On June 29, 2022, we announced the debut of our first line of concentrates made using hydrocarbon extraction by our brand The Lab™, which is famous for delivering high-quality, precision vape products and concentrates. The Lab™ Live Resin is the second of several single-source concentrate product lines to be launched by us. Initially, we will exclusively carry The Lab™ Live Resin 500mg full-spectrum 0.5 gram 510 cartridges at Beyond Hello™ retail locations in Pennsylvania. We plan to roll out our hydrocarbon-extracted line at partner dispensaries across Pennsylvania in the coming months, as well as in additional states such as Massachusetts, Virginia and Nevada.

CEO Purchased Subordinate Voting Shares

On June 27, 2022, we announced that CEO, Chairman, and Founder, James Cacioppo, purchased 100,000 Subordinate Voting Shares of the Company in the open market for an approximate amount of $151,000. At that time, Mr. Cacioppo held in the aggregate approximately 16.9% of the issued and outstanding Subordinate Voting Shares on a non-diluted basis.

Opened 33rd Retail Location Nationwide and Fourth Dispensary in Nevada

On June 8, 2022, we expanded our retail presence with the opening of our 33rd dispensary nationally and fourth dispensary in Nevada with NuLeaf Las Vegas The Strip. Following the opening of NuLeaf Las Vegas The Strip, our retail operations in Nevada consists of three adult-use and medical dispensaries in Las Vegas and one adult-use and medical dispensary in Lake Tahoe.

Results of Operations

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

	Three Months Ended June 30,		%	Six Months Ended June 30,		%
	2022	2021	Change	2022	2021	Change
REVENUE, NET	$ 72,757	$ 47,744	52 %	$ 134,645	$ 89,419	51 %
COST OF GOODS SOLD[(1)]	(46,089)	(26,126)	76 %	(88,865)	(49,060)	81 %
GROSS PROFIT[(1)]	$ 26,668	$ 21,618	23 %	$ 45,780	$ 40,359	13 %
OPERATING EXPENSES	$ 38,745	$ 26,357	47 %	$ 76,458	$ 48,268	58 %
LOSS FROM OPERATIONS[(1)]	$ (12,077)	$ (4,739)	155 %	$ (30,678)	$ (7,909)	288 %
OTHER INCOME (EXPENSE):						
Interest expense, net	$ (10,947)	$ (6,868)	59 %	$ (21,063)	$ (13,703)	54 %
Fair value gains (losses) on derivative warrants	42,572	21,098	102 %	56,881	11,741	384 %
Other, net	228	(487)	(147)%	(70)	(3,864)	(98)%
Total other income (expense), net	$ 31,853	$ 13,743	132 %	$ 35,748	$ (5,826)	714 %
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES[(1)]	$ 19,776	$ 9,004	120 %	$ 5,070	$ (13,735)	137 %
Provision for income taxes[(1)]	(7,710)	(6,368)	21 %	(12,761)	(14,679)	(13)%
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)[(1)]	$ 12,066	$ 2,636	358 %	$ (7,691)	$ (28,414)	73 %
Net loss attributable to non-controlling interests	—	(190)	(100)%	—	(365)	(100)%
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO JUSHI SHAREHOLDERS[(1)]	$ 12,066	$ 2,826	327 %	$ (7,691)	$ (28,049)	73 %
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) PER SHARE ATTRIBUTABLE TO JUSHI SHAREHOLDERS - BASIC	$ 0.06	$ 0.02	200 %	$ (0.04)	$ (0.17)	76 %
Weighted average shares outstanding - basic	190,870,572	163,512,333	17 %	187,147,856	160,426,413	17 %
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) PER SHARE ATTRIBUTABLE TO JUSHI SHAREHOLDERS - DILUTED[(1)]	(0.15)	(0.09)	67 %	(0.31)	(0.20)	(55)%
Weighted average shares outstanding - diluted	205,697,153	196,541,225	5 %	208,038,283	194,097,783	7 %

[(1)] We 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. Refer to *Correction of Errors in Previously Issued Financial Statements* in Note 2 - Basis of Presentation and Summary of Significant Accounting Policies of the Quarterly Financial Statements for further information.

Three Months Ended June 30, 2022 and 2021

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

Revenue, Net

The following table presents revenue by type for the periods indicated:

	Three Months Ended June 30, 2022			Three Months Ended June 30, 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	$ 72,757	$ —	$ 72,757	$ 47,744	$ —	$ 47,744

Revenue, net for the three months ended June 30, 2022 totaled $72,757, as compared to $47,744 for the three months ended June 30, 2021, an increase of $25,013 or 52%. The increase in retail revenue is due primarily to our expansion of cannabis operations from build outs and acquisitions of Nature's Remedy in Massachusetts, which occurred in the third quarter of 2021, and of Apothecarium and NuLeaf in Nevada, which occurred in March and April 2022, respectively, and new Beyond Hello™ store openings in Pennsylvania and Virginia. Retail revenue for the three months ended June 30, 2022 was derived from thirty-three cannabis dispensaries located in Pennsylvania (eighteen), Illinois (four), Massachusetts (two), California (three), Virginia (two) and Nevada (four), whereas, for the three months ended June 30, 2021, Retail revenue was derived from twenty cannabis dispensaries located in Pennsylvania (thirteen), Illinois (four), California (two) and Virginia (one).

The increase in wholesale revenue is primarily attributable to increases in cultivation and manufacturing activity at our grower processor facilities: (i) in Massachusetts and Nevada due to the acquisitions of Nature's Remedy and NuLeaf; and (ii) in Virginia due to the commencement of operations at the Dalitso facility in the third quarter of 2021.

Cost of Goods Sold and Gross Profit

Cost of goods sold totaled $46,089 for the three months ended June 30, 2022, as compared to $26,126 (as revised) for the three months ended June 30, 2021, an increase of $19,963 (as revised) or 76% (as revised). The increase in costs of goods sold is primarily attributable to the increase in revenue.

Gross profit totaled $26,668 for the three months ended June 30, 2022, as compared to $21,618 (as revised) for three months ended June 30, 2021, an increase of $5,050 (as revised) or 23% (as revised). As a percentage of revenue, gross profit for the three months ended June 30, 2022 and 2021, was 37% and 45% (as revised), respectively. Gross margin decreased primarily due to infrastructure and headcount investments in our wholesale business that continue to have a transitional impact as we scale, slower than expected growth in our wholesale operations as other operators dedicate more shelf space to their own brands resulting in pricing compression, and increased promotional activity of Jushi branded products in Pennsylvania.

Operating Expenses

Operating expenses for the three months ended June 30, 2022 were $38,745, as compared to $26,357 for three months ended June 30, 2021, an increase of $12,388 or 47%.

	Three Months Ended June 30,			
	2022	2021	$ Change	% Change
Salaries, wages and employee related expenses	$ 18,593	$ 14,519	$ 4,074	28%
Share-based compensation expense	4,683	2,733	1,950	71%
Rent and related expenses	3,404	2,057	1,347	65%
Depreciation and amortization expense	2,865	1,274	1,591	125%
Professional fees and legal expenses	2,803	1,204	1,599	133%
Software and technology	1,964	632	1,332	211%
Marketing and selling	1,239	1,107	132	12%
Acquisition and deal costs	1,161	870	291	33%
Other G&A	1,142	585	557	95%
Travel, entertainment and conferences	943	463	480	104%
Insurance	764	706	58	8%
Administration and application fees	265	207	58	28%
Gain on contingent consideration	(1,081)	—	(1,081)	100%
Total general, administrative and selling expenses	$ 38,745	$ 26,357	$ 12,388	47%

The total increase in operating expenses is due to the increase in the size and scope of our general and administrative functions to support our expanded operations resulting from organic growth and acquisitions. The primary increases are from: salaries, wages and employee related expenses as a result of the increase in the number of employees to support our ongoing growth and resulting from recent acquisitions; share-based compensation expense primarily due to recent stock options granted to new employees and management; professional fees and legal expenses, primarily due to our transition to GAAP reporting and costs associated with our registration with the SEC, which was completed in August 2022; and depreciation and amortization expense and rent and related expenses due to the additions of property, plant and equipment and finance lease right-of-use assets from acquisitions and investment in infrastructure as we continue to scale.

Other (Expense) Income

Interest Expense, Net

Interest expense, net was $10,947 for the three months ended June 30, 2022 as compared to $6,868 for the three months ended June 30, 2021, an increase of $4,079, or 59%.The increase in interest expense, net is due primarily to an increase in interest-bearing borrowings including finance leases and acquisition-related financing.

Fair Value Gains on Derivatives

Fair value gains on derivatives was $42,572 for the three months ended June 30, 2022, as compared to $21,098 for the three months ended June 30, 2021. The fair value gains on derivatives for the three months ended June 30, 2022 and 2021 were primarily attributable to the movement in our stock price during the corresponding period.

Other, Net

Other, net was an income of $228 for the three months ended June 30, 2022, as compared to an expense of $487 for the three months ended June 30, 2021, a decrease in expense of $715 or 147%. Other, net for the three months ended June 30, 2022 consisted primarily of miscellaneous income. Other, net for the three months ended June 30, 2021 consisted primarily of $601 related to losses on legal settlements, partially offset by other miscellaneous income.

Income Tax Expense

Total income tax expense was $7,710 for the three months ended June 30, 2022, as compared to $6,368 (as revised) for the three months ended June 30, 2021, an increase of $1,342 (as revised), or 21% (as revised). The increase in income tax expense is primarily due to an increase in taxable gross profit.

Net income (loss)

Net income for the three months ended June 30, 2022 was $12,066, compared to $2,636 (as revised) for the three months ended June 30, 2021. The increase in net income was driven primarily by increased gross profit, higher fair value gain on derivatives, partially offset by increased general and administrative costs, mainly relating to salaries, wages and employee related expenses.

Six Months Ended June 30, 2022 and 2021

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

Revenue, Net

The following table presents revenue by type for the periods indicated:

	Six Months Ended June 30, 2022			Six Months Ended June 30, 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	—
Total	$ 134,645	$ —	$ 134,645	$ 89,419	$ —	$ 89,419

Revenue, net, for the six months ended June 30, 2022 totaled $134,645, as compared to $89,419 for the six months ended June 30, 2022, an increase of $45,226, or 51%. The increase in retail revenue is due primarily to our expansion of cannabis operations from build outs and acquisitions of Nature's Remedy in Massachusetts, which occurred in the third quarter of 2021, and of Apothecarium and NuLeaf in Nevada, which occurred in March and April 2022, respectively, and new Beyond Hello™ store openings in Pennsylvania and Virginia. Retail revenue for the six months ended June 30, 2022 was derived from thirty-three cannabis dispensaries located in Pennsylvania (eighteen), Illinois (four), Massachusetts (two), California (three), Virginia (two) and Nevada (four), whereas, for the six months ended June 30, 2021, Retail revenue was derived from twenty cannabis dispensaries located in Pennsylvania (thirteen), Illinois (four), California (two) and Virginia (one).

The increase in wholesale revenue is primarily attributable to increases in cultivation and manufacturing activity at our grower processor facilities: (i) in Massachusetts due to the acquisition of Nature's Remedy and (ii) in Virginia due to the commencement of operations at the Dalitso facility in the third quarter of 2021.

Cost of Goods Sold and Gross Profit

Cost of goods sold totaled $88,865 for the six months ended June 30, 2022, as compared to $49,060 (as revised) for the six months ended June 30, 2021, an increase of $39,805 (as revised), or 81% (as revised). The increase in costs of goods sold is primarily attributable to the increase in revenue.

Gross profit totaled $45,780 for the six months ended June 30, 2022, as compared to $40,359 (as revised) for six months ended June 30, 2021, an increase of $5,421 (as revised), or 13% (as revised). As a percentage of revenue, gross profit for the six months ended June 30, 2022 and 2021, was 34% and 45% (as revised), respectively. Gross margin decreased primarily due to: (1) infrastructure and headcount investments in our wholesale business that continue to have a transitional impact as we scale; (2) slower than expected growth in our wholesale operations as other operators dedicate more shelf space to their own brands resulting in pricing compression; and (3) the sell through of inventory acquired in the Nature's Remedy, Apothecarium and NuLeaf acquisitions which had a fair value step-up of approximately $3,700. Gross margins were also impacted by the increased promotional activity at retail operations in Illinois, Massachusetts and Pennsylvania.

Operating Expenses

Operating expenses for the six months ended June 30, 2022 were $76,458, as compared to $48,268 for the six months ended June 30, 2021, an increase of $28,190, or 58%.

	Six Months Ended June 30,			
	2022	2021	$ Change	% Change
Salaries, wages and employee related expenses	$ 35,930	$ 24,401	$ 11,529	47 %
Stock-based compensation expense	11,648	6,747	4,901	73 %
Rent and related expenses	6,493	3,856	2,637	68 %
Professional fees and legal expenses	5,509	2,898	2,611	90 %
Depreciation and amortization expense	5,121	2,249	2,872	128 %
Software and technology	3,494	1,199	2,295	191 %
Marketing and selling	2,208	1,782	426	24 %
Other G&A	1,980	1,137	843	74 %
Travel, entertainment and conferences	1,682	868	814	94 %
Insurance	1,362	1,462	(100)	(7)%
Acquisition and deal costs	1,302	1,109	193	17 %
Administration and application fees	405	560	(155)	(28)%
Gain on contingent consideration	(676)	—	(676)	100 %
Total operating expenses	$ 76,458	$ 48,268	$ 28,190	58 %

The total increase in operating expenses is due to the increase in the size and scope of our general and administrative functions to support our expanded operations resulting from organic growth and acquisitions. The primary increases are from an increase in: salaries, wages, and employee related expenses as a result of the increase in the number of employees to support our ongoing growth and resulting from recent acquisitions; share-based compensation expense primarily due to recent stock options granted to new employees and management; professional fees and legal expenses, primarily due to our transition to GAAP reporting and costs associated with our registration with the SEC, which was completed in August 2022; and depreciation and amortization expense and rent and related expenses due to the additions of property, plant and equipment and finance lease right-of-use assets from acquisitions and investment in infrastructure as we continue to scale.

Other Income (Expense)

Interest Expense, Net

Interest expense, net was $21,063 for the six months ended June 30, 2022, as compared to $13,703 for the six months ended June 30, 2021, an increase of $7,360, or 54%. The increase in interest expense, net is due primarily to an increase in interest-bearing borrowings including finance leases and acquisition-related financing.

Fair Value Gains on Derivatives

Fair value gains on derivatives was $56,881 for the six months ended June 30, 2022, as compared to $11,741 for the six months ended June 30, 2021. Fair value gains on derivatives include the fair value changes relating to the derivative warrants liability. The derivative warrants are required to be remeasured at fair value at each reporting period. The fair value changes in derivatives for the six months ended June 30, 2022 and 2021 were primarily attributable to the movement in our stock price during the corresponding period.

Other, Net

Other, net was an expense of $70 for the six months ended June 30, 2022, as compared to $3,864 for the six months ended June 30, 2021, a decrease of approximately $3,794, or 98%. Other, net for the six months ended June 30, 2021 primarily related to losses on redemptions of 10% senior notes (the "Senior Notes") of $3,815, losses on legal settlements of $1,408, partially offset by gains on investments and investment income from mutual funds of $1,191, and other miscellaneous income of $168 .

Income Tax Expense

Total income tax expense was $12,761 for the six months ended June 30, 2022, as compared to $14,679 (as revised) for the six months ended June 30, 2021, a decrease of $1,918 (as revised), or 13% (as revised). The decrease in income tax expense is primarily due to a reduction of the increase in our uncertain tax position accrual for interest and penalties.

Net income (loss)

Net loss for the six months ended June 30, 2022 was $7,691 compared to $28,414 (as revised) for the six months ended June 30, 2021. The decrease in net loss was driven primarily by increased gross profit, higher fair value gain on derivatives, partially offset by increased general and administrative costs, mainly relating to salaries, wages and employee related expenses.

Non-GAAP Measures and Reconciliation

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

EBITDA, Adjusted EBITDA and Adjusted Gross Profit

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

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

The table below reconciles net income (loss) to EBITDA and Adjusted EBITDA for the periods indicated.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
NET INCOME (LOSS)(1)(9)	$ 12,066	$ 2,636	$ (7,691)	$ (28,414)
Income tax expense(9)	7,710	6,368	12,761	14,679
Interest expense, net	10,947	6,868	21,063	13,703
Depreciation and amortization (2)	4,355	1,478	7,603	3,057
EBITDA (Non-GAAP)(9)	$ 35,078	$ 17,350	$ 33,736	$ 3,025
Non-cash share-based compensation and other one-time charges(3)(8)	4,800	4,573	11,959	8,626
Inventory-related adjustments(4)	436	—	4,178	—
Fair value changes in derivatives	(42,572)	(21,098)	(56,881)	(11,741)
Other (income) expense, net(5)	(1,096)	558	(716)	4,030
Start-up costs(6)(8)	991	1,199	3,706	2,491
Transaction costs(7)(8)	2,885	870	3,665	1,109
Adjusted EBITDA (Non-GAAP)(9)	$ 522	$ 3,452	$ (353)	$ 7,540

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

(2) Includes amounts that are included in cost of goods sold and in operating expenses.

(3) Includes: (i) non-cash share-based compensation expense for the period; and (ii) severance costs.

(4) Includes: (i) inventory step-up on business combinations; (ii) inventory recall reserves; and (iii) reserves for discontinued products. The inventory step-up on business combinations relate to the fair value write-up on inventory acquired on the business acquisition date and then sold subsequent to the acquisition date. The inventory recall reserves relate to the estimated impact of the Pennsylvania Department of Health recall and ban of vape products containing certain cannabis concentrates. The ban was lifted in June 2022.

(5) Includes: (i) remeasurement of contingent consideration related to acquisitions; (ii) losses (gains) on legal settlements; and (iii) losses (gains) on investments and financial assets.

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

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

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

(9) We revised the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2021. The correction of errors for the three months ended June 30, 2021 resulted in a decrease in net income from $3,437 (as previously reported) to $2,636 (as revised), a decrease in income tax expense from $6,711 (as previously reported) to $6,368 (as revised), a decrease in EBITDA (Non-GAAP) from $18,494 (as previously reported) to $17,350 (as revised), and a decrease in Adjusted EBITDA (Non-GAAP) from $4,596 (as previously reported) to $3,452 (as revised). The correction of errors for the six months ended June 30, 2021 resulted in an increase in net loss from $27,613 (as previously reported) to $28,414 (as revised), a decrease in income tax expense from $15,022 (as previously reported) to $14,679 (as revised), a decrease in EBITDA (Non-GAAP) from $4,169 (as previously reported) to $3,025 (as revised), and a decrease in Adjusted EBITDA (Non-GAAP) from $8,684 (as previously reported) to $7,540 (as revised). Refer to Note 2 - Basis of Presentation and Summary of Significant Accounting Policies of the Quarterly Financial Statements for further information.

Reconciliation Adjusted Gross Profit (Non- GAAP Measures)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Gross profit[3]	$ 26,668	$ 21,618	$ 45,780	$ 40,359
Inventory-related adjustments[1]	436	—	4,178	—
Start-up costs (within COGS)[2]	734	605	2,664	1,072
Adjusted gross profit[3]	$ 27,838	$ 22,223	$ 52,622	$ 41,431

(1) Includes: (i) inventory step-up on business combinations; (ii) inventory recall reserves; and (iii) reserves for discontinued products. The inventory step-up on business combinations relate to the fair value write-up on inventory acquired on the business acquisition date and then sold subsequent to the acquisition date. The inventory recall reserves relate to the potential impact of the Pennsylvania Department of Health recall and ban of vape products containing certain cannabis concentrates. The ban was lifted in June 2022.

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

(3) We revised the unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2021. The correction of errors for the three months ended June 30, 2021 resulted in a decrease in gross profit from $22,762 (as previously reported) to $21,618 (as revised) and a decrease in adjusted gross profit from $23,367 (as previously reported) to $22,223 (as revised). The correction of errors for the six months ended June 30, 2021 resulted in a decrease in gross profit from $41,503 (as previously reported) to $40,359 (as revised) and a decrease in adjusted gross profit from $42,575 (as previously reported) to $41,431 (as revised). Refer to Note 2 - Basis of Presentation and Summary of Significant Accounting Policies of the Quarterly Financial Statements for further information.

Liquidity and Capital Resources

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

Sources and Uses of Cash

We had cash and cash equivalents of $43,186 as of June 30, 2022. The Company paid approximately $24,000 in capital expenditures during Q2 2022. For the balance of the year, we expect capital expenditures to be in the range of $15,000 to $25,000, prior to any potential tenant improvement reimbursements or financings, for a total of $55,000 to $65,000 for the full year 2022, subject to market conditions and regulatory changes. As of June 30, 2022, we had total current assets of $97,272, and total current liabilities of $156,576 . We therefore had net working capital deficit of $59,304.

The major components of our statements of cash flows for the six months ended June 30, 2022 and 2021, are as follows:

	Six Months Ended June 30,	
	2022	**2021**
Net cash flows used in operating activities [1]	$ (25,711)	$ (13,137)
Net cash flows used in investing activities	(61,741)	(43,391)
Net cash flows provided by financing activities [1]	36,014	91,684
Effect of currency translation on cash	(238)	(132)
Net change in cash and cash equivalents	$ (51,676)	$ 35,024

(1) We revised the interim condensed consolidated statement of cash flows for the six months ended June 30, 2022. The correction of errors resulted in a decrease in net cash flows used in operating activities from $27,738 (as previously reported) to $25,711 (as revised) and a decrease in net cash flows provided by financing activities from $38,041 (as previously reported) to $36,014 (as revised). The correction of errors did not have an impact on the net change in cash and cash equivalents and restricted cash, and earnings during the six months ended June 30, 2022. Refer to Note 2 - Basis of Presentation and Summary of Significant Accounting Policies of the Quarterly Financial Statements for further information.

Cash used in operations during the six months ended June 30, 2022 was $25,711 (as revised), as compared to $13,137 for the six months ended June 30, 2021. The increase in cash used in operations for the six months ended June 30, 2022 is due primarily to an increase in net loss after non-cash adjustments, partially offset by improved management of working capital.

Net cash used in investing activities totaled $61,741 for the six months ended June 30, 2022, as compared to $43,391 for the six months ended June 30, 2021. The net cash used in investing activities for the six months ended June 30, 2022 was comprised of: $40,917 for the purchases of property, plant and equipment for use in our operations; and $20,824 in payments for the acquisitions of Apothecarium and NuLeaf, net of cash acquired. The net cash used in investing activities for the six months ended June 30, 2021 was comprised of: $41,483 for the purchases of property, plant and equipment for use in our operations; $5,160 in payments for the acquisitions of Grover Beach and OSD, net of cash acquired; partially offset by $3,252 in proceeds from sales of investments.

Net cash provided by financing activities totaled $36,014 (as revised) for the six months ended June 30, 2022, as compared to $91,684 for the six months ended June 30, 2021. The net cash provided by financing activities for the six months ended June 30, 2022 was comprised of: $24,207 in net proceeds from the Acquisition Facility; $13,680 in proceeds from private placement equity offerings in January and February 2022; $751 in proceeds from the exercise of warrants and stock options; and $4,189 in proceeds from other debt, net of payments; partially offset by: $258 in principal redemption repayments on the Senior Notes; and $6,555 in net finance lease obligation payments. The net cash provided by financing activities for the six months ended June 30, 2021 was comprised of: $85,660 in proceeds from public equity offerings, net of issuance costs, in January and February 2021; $12,981 in proceeds from the exercise of warrants and stock options; $2,313 in proceeds from other debt; and $364 in net reimbursement of finance lease obligations; partially offset by: $8,134 in principal redemption repayments on the Senior Notes; and $1,500 in payments on acquisition-related promissory notes payable.

Liquidity

The Quarterly Financial Statements have been prepared assuming we 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 our ability to continue as a going concern exists.

As reflected in our Quarterly Financial Statements, we have incurred losses from operations for the six months ended June 30, 2022, have an accumulated deficit of $250,109 as of June 30, 2022, and have cash and cash equivalents of $43,186 as of June 30, 2022. As discussed in Note 9 - Debt of our Quarterly Financial Statements, 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 of our Quarterly Financial Statements) required us to maintain certain covenants which we 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, we were also projected to violate certain financial covenants. In April 2022, we 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 us during the look-forward period. The look-forward period also contemplates favorable regulatory changes in certain states in which we operate. If our operating results during the look-forward period is not in line with forecasted earnings, we may be at risk of not meeting our financial covenants under the Acquisition Facility, as amended.

These conditions raise substantial doubt regarding our ability to continue as a going concern during the look-forward period.

We are 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 us to offer up to C$500,000 in securities in Canada through the end of 2023. However, there can be no assurance that we 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.

Refer to Note 9 - Debt of our Quarterly Financial Statements for additional information on our debt instruments and related covenants.

Off-Balance Sheet Arrangements and Contractual Obligations

As of June 30, 2022, we do not have any off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on the financial performance or financial condition of the Company. For our contractual obligations, refer to Note 9 - Debt, Note 10 - Lease Obligations, and Note 20 - Commitments and Contingencies of our Quarterly Financial Statements.

Cybersecurity Attack - Phishing Incident

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

Our data and information technology systems are subject to threats from malicious software codes and viruses, phishing, ransomware, business email compromise attacks, or other cyber-attacks. Cybersecurity vulnerability was previously identified as a material weakness, see Item 4. Controls and Procedures for additional information. 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. Although we are currently investigating the matter and intend on using all avenues possible to recover some or all of the misappropriated funds, the number and complexity of these threats continue to increase over time and they may occur in the future. See – Part II, Item 1A. Risk Factors, "*We have in the past and may in the future experience threats and breaches to our data and information technology systems, including malicious software codes, viruses, phishing, ransomware and other cyber-attacks, that disrupt our information systems or operations, or result in the dissemination of sensitive personal or confidential information or unauthorized financial access, theft or crimes, which could result in increased costs, economic losses, exposure to significant liability, reputational harm, loss of business, and other serious negative consequences*."