.Jushi

JUSHI HOLDINGS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021 and 2020

(Expressed in United States Dollars)

MANAGEMENT'S DISCUSSION AND ANALYSIS

This Management's Discussion and Analysis ("MD&A") covers the consolidated financial statements of Jushi Holdings Inc. and its controlled subsidiaries as of September 30, 2021, and for the three and nine months then ended (the "Financial Statements"). Unless the context indicates or requires otherwise, the terms "Jushi", "the Company", "we", "us" and "our" refers to Jushi Holdings Inc. and its controlled entities. This MD&A should be read in conjunction with the condensed unaudited interim consolidated financial statements and notes thereto for the three and nine months ended September 30, 2021 ("the "Quarterly Financial Statements"), and the audited consolidated financial statements and the accompanying notes for the years ended December 31, 2020 and 2019 (the "Annual Financial Statements"), which have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS"), and all amounts are expressed in United States ("U.S.") dollars unless otherwise noted. The information contained in this report is current to November 23, 2021 unless otherwise indicated.

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

The Financial Statements and this MD&A have been reviewed by the Company's Audit Committee and were approved by the Company's Board of Directors on November 23, 2021.

Additional information relating to the Company, including the Company's Annual Information Forms ("AIF"), Final Short Form Base Shelf Prospectus dated October 14, 2020, Prospectus Supplement dated October 21, 2020, Prospectus Supplement dated January 5, 2021, Prospectus Supplement dated February 11, 2021 and Preliminary Short Form Base Shelf Prospectus dated November 11, 2021 can be found on SEDAR at www.sedar.com.

Forward-Looking Statements

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

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

Company Overview

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

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

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

Key Markets Overview

Pennsylvania Operations:

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

The Company also currently operates an 81,000 sq. ft. cannabis cultivation and processing facility in Scranton, Pennsylvania, through its subsidiary Pennsylvania Medical Solutions, LLC ("PAMS"). The PAMS facility is undergoing a significant expansion that is expected to be completed over two phases. The details relating to the expansion of PAMS can be found in the *"Commitments and Contingencies"* section of this MD&A. The PAMS facility enables wholesale distribution to the approximately 138 dispensaries currently operating, including the Company's sixteen operational BEYOND/HELLO™ dispensaries.

Jushi is focused on redesigning and optimizing the PAMS facility to ensure long term growth and market share expansion in the Pennsylvania market. In addition to the Company's current expansion of PAMS, the Company will continue to assess and develop further expansion opportunities to meet the needs of patients and wholesale market demand, now and in the future. It is expected that the operational improvements, including an expanded footprint, the introduction of new extraction technologies, increased facility automation and utilization, and improved yields will be implemented over the next 6 to 12 months.

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

Illinois Operations:

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

In August 2021, the Company's partner, Northern Cardinal Ventures, LLC, was awarded a conditional retail dispensary license in Illinois via the state's lottery process. Jushi is an operational and 49% equity partner in Northern Cardinal. Pending regulatory approvals, the dispensary will become the fifth BEYOND/HELLO dispensary in the state and is designated for the Peoria Bureau of Labor Statistics region in Illinois. The new retail dispensary licensing process for all applicants is currently stayed, pursuant to a court order issued July 2021 in connection with litigation against the state to which Jushi is not a party to.

Virginia Operations:

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

Dalitso operates a cultivation, manufacturing, retail facility in Prince William County near the City of Manassas and commenced dispensing medical cannabis to registered patients in Virginia on December 1, 2020. During the third quarter, the Company launched a series of branded cannabis products in the Commonwealth, including its concentrates brand, The Lab, its chewables brand, Tasteology, and most recently, its premium and value flower brands, The Bank and Sèche, respectively.

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

The designated area for Jushi to operate is Health Service Area II, in Northern Virginia. According to the U.S. Census Bureau, Health Service Area II has a population of approximately 2.5 million people or nearly 30 percent of the state population. This area includes two of Virginia's most densely populated and highest-income counties, Fairfax and Prince William County. In May 2021, the Company piloted a delivery program to registered patients in designated Health Service Area II.

Massachusetts Operations:

In September 2021, Jushi closed its previously announced acquisition of Nature's Remedy of Massachusetts, Inc. and certain of its affiliates (collectively, "Nature's Remedy"), a vertically integrated single state operator in Massachusetts. Nature's Remedy currently operates two retail dispensaries, in Millbury, MA and Tyngsborough, MA, and a 50,000 sq. ft. cultivation and production facility in Lakeville, MA with approximately 33,000 sq. ft. of high-quality indoor flower canopy and state-of-the-art extraction and manufacturing capabilities. The Company's entrance into Massachusetts marks the seventh state where it operates cannabis assets and the third state where it is vertically integrated. The Company expects to execute on, and expand, Nature's Remedy's wholesale revenue in the fourth quarter, driven by additional cultivation capacity as well as the planned resale of excess inventory at the Lakeville facility.

California Operations:

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

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

In April 2021, the Company closed on its previously announced acquisition of 100% of the equity of Organic Solutions of the Desert ("OSD"), an operating dispensary located in Palm Springs, California. OSD is well positioned across the street from Palm Springs International Airport and has ample dedicated parking spots. The Company is in the process of renovating the dispensary, which is expected to be completed in in Q1 2022. At completion, the dispensary will feature the Company's new California design concept, including enhanced product engagement, value add-ons at check-out, and mobile point-of-sale and check-in units.

In March 2021, the Company acquired 78% of the equity of a retail license holder in Grover Beach, California, with the rights to acquire the remaining equity in the future. The city of Grover Beach is a limited license jurisdiction where a maximum of four retail licenses are permitted. Upon completion of the build-out of the new BEYOND/HELLO™ in Q1 2022, this location will be the fourth and final retail dispensary permitted in Grover Beach.

On December 17, 2020, one of the Company's subsidiaries entered into a long-term lease agreement for a bespoke, ground-up build in Culver City. The Company also received approval to move forward in the merit-based application process as one of three selected applicants for a storefront retail (and ancillary delivery) permit in Culver City, California. The Company expects to open the dispensary in 2022.

Nevada Operations:

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

In April 2021, the Company acquired 100% of the equity ownership of FBS Nevada. FBS Nevada holds medical and adult-use cannabis cultivation, processing and distribution licenses issued by the Nevada Cannabis Control Board. Subsequently, the MSA between Production Excellence and FBS Nevada, which was entered into in July 2019, was terminated.

In September 2021, the Company signed a definitive binding agreement to acquire 100% of the equity interest of an entity operating an adult-use and medical retail dispensary in Las Vegas, Nevada. The retail dispensary acquisition, together with the purchase of FBS Nevada, will enable Jushi to provide significant branding exposure for Jushi's high-quality product lines, including The Bank, The Lab, Tasteology and Sèche.

Ohio Operations:

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

In July 2021, Jushi closed on the acquisition of OhiGrow, LLC, one of 34 licensed cultivators in Ohio, and Ohio Green Grow LLC (collectively, "OhiGrow"), inclusive of an approximately 10,000 sq. ft. facility and 1.35 acres of land. The Company planted its first cannabis plants in August, and expects to bring additional Sèche flower product lines, along with The Bank, to Ohio medical cannabis patients in the first quarter of 2022.

Operational and Regulation Overview

Jushi takes all actions necessary to ensure that its operations are in full compliance with all applicable state and local laws, rules, regulations, and licensing requirements in the states that it operates. Currently, cannabis other than hemp is illegal under U.S. Federal law due to its classification as a Schedule 1 substance. For a regulatory overview of the states in which we operate or currently plan to operate in please review the Company's Annual Information Form (filed on June 7, 2021) filed under the Company's profile on SEDAR.

Recent Developments

Further Expansion in Nevada

On November 17, 2021, the Company announced it entered a definitive agreement to acquire NuLeaf, Inc. together with its subsidiaries and related companies (collectively, "NuLeaf"), a Nevada-based vertically integrated operator, for total consideration of up to US$62.5 million. NuLeaf currently operates two high-performing adult-use and medical retail dispensaries in Las Vegas, NV and Lake Tahoe, NV, in addition to a 27,000 sq. ft. cultivation facility in Sparks, NV, as well as a 13,000 sq. ft. processing facility in Reno, NV. Additionally, NuLeaf owns a third licensed retail dispensary located directly on Las Vegas Boulevard, expected to become operational in early 2022, subject to regulatory approval and other conditions. This will expand the Company's permitted licensed retail footprint to 39 locations nationwide.

Filed a Preliminary Base Shelf Prospectus

On November 11, 2021, the Company announced it had filed a preliminary short form base shelf prospectus (the "Shelf Prospectus") with the Securities Commissions in each of the provinces of Canada (except Quebec). The Shelf Prospectus, when made final, will allow the Company to offer up to C$500 million subscription receipts, debt securities, convertible securities, warrants, subordinate voting shares, and units, or any combination thereof, from time to time during the 25-month period that the (final) Shelf Prospectus is effective. The final short form base shelf prospectus will be filed after the expiry of and will replace the Company's existing short form base shelf prospectus, which was filed on October 9, 2020 with certain Canadian securities regulatory authorities. The Company filed the Shelf Prospectus in order to maintain financial flexibility, including for responding to significant regulatory improvements and pursuing opportunistic acquisitions.

Received ~$16.4 Million Final Arbitration Award

On October 20, 2021, the American Arbitration Association (the "Panel") awarded approximately $16.4 million (the "Final Award") to Jushi FL SPV, LLC, a subsidiary of Jushi Holdings Inc., in its dispute against San Felasco Nurseries, Inc. ("San Felasco"), a subsidiary of Harvest Health & Recreation, Inc. based on breach of contract and breach of implied covenant of good faith claims brought by Jushi against San Felasco in October of 2018. The Final Award consists of approximately $10.6 million in damages, plus approximately $4 million in pre-award interest (accrued at a rate of $3,497 per day), post-award interest at a rate of 12% per annum and approximately $1.7 million in attorney's fees and costs. Subject to appeal of the Final Award, a third party is entitled to receive 25% of the recovery of the arbitration, net of all fees and costs related to SFN.

Secures US$100 Million Acquisition Facility from Roxbury, LP as Agent to SunStream Bancorp Inc.

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

Announced Management Changes

On October 18, 2021, Ed Kremer was appointed Chief Financial Officer. In his new role, Mr. Kremer will be responsible for overseeing the Company's accounting and finance departments, while leading financial strategies and acting as a key business partner to the senior leadership team. The Company also announced that Kimberly Bambach stepped down from her role as CFO effective immediately.

Expanded and Strengthened Nevada Presence

In September 2021, the Company signed a definitive binding agreement to acquire 100% of the equity interest of an entity operating an adult-use and medical retail dispensary in Las Vegas, Nevada. This will be the Company's fourth vertically integrated state-level operation and will expand the Company's permitted licensed retail footprint to 36 locations nationwide.

Announced a Series of Cannabis Brand and Product Launches with Pilot Delivery Program in Virginia

On September 14, 2021, the Company announced it received the Virginia Board of Pharmacy's approval selling its premium flower brand, The Bank, and its value flower brand, Sèche, to Virginia patients after the Virginia Board of Pharmacy approved flower cannabis products in the Commonwealth, The Company also expects to launch Nira + Medicinals, a suite of tinctures, capsules, softgels and topicals in Virginia in the coming weeks.

In the second quarter of 2021, the Company introduced and expanded a pilot delivery program that serves patients from its BEYOND/HELLO™ Manassas dispensary to meet the rise in demand and improve accessibility for patients.

Entered Massachusetts Market

In September 2021, Jushi announced it closed its previously announced acquisition of Nature's Remedy for total upfront consideration of US$91 million. A vertically integrated single state operator in Massachusetts, Nature's Remedy currently operates two high-performing retail dispensaries in Millbury, MA and Tyngsborough, MA, and a 50,000 sq. ft. cultivation and production facility in Lakeville, MA with approximately 22,000 sq. ft. of high-quality indoor flower canopy and state-of-the-art extraction and manufacturing capabilities. The Company's entrance into Massachusetts marks the seventh state where it operates cannabis assets and the third state where it is vertically integrated.

Funds

Jushi has successfully raised almost $446 million to date (which includes equity offerings, senior notes and warrant/option exercises as well as $9.6 million of debt assumed in the acquisition of TGS Illinois Holdings LLC in 2020), of which approximately $47 million was invested by management and insiders. The Company is currently closing acquisitions and investments in cannabis assets in the U.S. As of September 30, 2021, the Company had $54 million of cash and cash equivalents and restricted cash and $6 million in short-term investments.

Subsequent to the quarter ended September 30, 2021, the Company has drawn $40.0 million from the Acquisition Facility to fund the cash portion of the recently completed acquisition of Nature's Remedy. As of October 31, 2021, the Company had approximately $94 million in cash and cash equivalents and short-term investments, excluding restricted cash, and approximately $142 million principal amount of total debt, excluding leases and property, plant and equipment financing obligations on the balance sheet.

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

Subsequent to September 30, 2021, the Company filed a preliminary short form base shelf prospectus that will allow the Company to offer up to C$500 million of subordinate voting shares, subscription receipts, debt securities, convertible securities, warrants, and units. Refer to *Filed a Preliminary Base Shelf Prospectus* above for additional details.

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

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

During the period from January 1, 2021 to September 30, 2021, in connection with warrants exercised, the Company issued a total of 7,813,023 SVS and received $16,327 in total proceeds.

Recent Equity Offerings and Use of Proceeds

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

Financing	**Details of Offering**	**Gross Proceeds**	**Net Proceeds ***	**Proposed Use of Net Proceeds**	**Description of Expenditure**	**Approximate Use of Net Proceeds (Excluding General Corporate Purposes)**	**Difference / Remaining To Be Spent ****	**Note**
		(USD$ in millions)	(USD$ in millions)			(USD$ in millions)	(USD$ in millions)	
October 2020	11,500,000 subordinate voting shares at a price of C$3.55 per share for total gross proceeds of approximately C$40,825 thousand	$31.1	$29.4	For opportunistic acquisitions and for general corporate purposes, including working capital or business development	Opportunistic acquisitions and purchases	$11.5	$(0.1)	(1)
					Other capex and expansion	$7.7		(2)
					Repayment of acquisition related promissory notes	$10.3		(3)
					Total	$29.5		
January 2021	6,210,000 subordinate voting shares at a price of C$6.50 per share for total gross proceeds of C$40,365 thousand	$31.8	$29.8	One third of the net proceeds to redeem 10% Senior Notes	10% Senior Notes redemption	$4.9	$6.6	(4)
				General corporate purposes, including working capital or business development	Cash capex and expansion	$16.7		(5)
					Repayment of acquisition related promissory notes	$1.6		(6)
					Total	$23.2		**
February 2021	7,475,000 subordinate voting shares at a price of C$10.00 per share for total gross proceeds of C$74,750 thousand	$58.9	$55.9	For potential strategic transactions (7)	Other strategic transactions (7)	$28.9	$9.0	(7)(9)
				One third of the net proceeds to redeem 10% Senior Notes	10% Senior Notes redemption	$3.2		(4)
				General corporate purposes, including working capital or business development	Other capex and expansion	$14.8		(8)
					Total	$46.9		**
	Total	$121.8	$115.1			$99.7	$15.4	** (9)

* Net proceeds are net of broker, underwriter and legal fees. Does not include other expenses associated with each offering.
** Any variances in use of proceeds to date did not have any impact on the Company's ability to achieve its business objectives and milestones. Use of proceeds does not include cash used in other corporate and general operating activities. Net cash used in operating activities for the nine months ended September 30, 2021 was $14.5 million.

(1) Includes the following: (i) $5.7 million for the PADS acquisition during the fourth quarter of 2020; (ii) $0.4 million for the buyout of the non-controlling interests of Dalitso in the fourth quarter of 2020; (iii) $3.6 million for the March 2021 acquisition of 78% of the equity of a retail license holder located in Grover Beach, California; and (iv) the acquisition of three properties in Scranton, Pennsylvania during the first quarter of 2021 for $1.9 million.
(2) Includes cash-based capital expenditures for property, plant and equipment ("PP&E") during the fourth quarter of 2020. Excludes deposits paid or PPE of $1.6 million.
(3) Early repayment of acquisition related seller notes during the fourth quarter of 2020: (i) Seller notes from the 2019 acquisition of Dalitso of $3.8 million repaid in connection with fourth quarter 2020 acquisitions of the non-controlling interests; (ii) Seller notes from the 2019 acquisition of Franklin BioScience – Penn, LLC and its subsidiaries of $5.0 million repaid early; and (iii) Seller notes for the acquisition of a provisionally licensed medical marijuana processor in Ohio of $1.5 million.
(4) Redemptions made pursuant to the terms of the 10% senior notes. Certain note holders waived their rights to the redemptions in January and February 2021.
(5) Includes purchases during the first quarter of 2021 for: (i) a real estate property in Beja, Portugal for $0.5 million; and (ii) a real estate property in Hazelton, Pennsylvania for $0.5 million; and (iii) other cash-based capital expenditures of $16.7 million for purchases and deposits for PPE during the first half of 2021, excluding the Scranton properties noted in (1) above and the Virginia facility noted in (7) below. Does not include cash capital expenditures subsequent to June 30, 2021.
(6) Includes repayment of the following acquisition-related seller notes: (i) $1.5 million in April 2021 related to the 2019 acquisition of FBS Nevada; and (ii) $0.1 million in September 2021 related to the 2019 acquisition of Dalitso.
(7) Includes: (i) approximately $22.0 million in May 2021 for acquisition of the 93,000 square foot facility in Prince William County, Virginia operated by a wholly-owned subsidiary of the Company, and properties adjacent to the facility; and (ii) $1.9 million in May 2021 for the acquisition of OSD; and (iii) $5.0 million for the acquisition of OhiGrow in July 2021.
(8) Includes capital expenditures for the quarter ended September 30, 2021. Does not include cash capital expenditures subsequent to September 30, 2021.
(9) Does not include funds for other potential future strategic transactions, including acquisitions such as $40.0 million paid for Nature's Remedy in September 2021. Refer to *Secures US$100 Million Acquisition Facility from Roxbury, LP as Agent to SunStream Bancorp Inc.* in *Recent Developments* above.

Refer to *Liquidity and Capital Resources* within this MD&A for a discussion of the *Sources and Uses* of cash by the Company for the nine months ended September 30, 2021.

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

Business Strategy

Jushi's business strategy is to evaluate each market opportunity pursuant to the relevant local competitive and regulatory landscape, supply/demand dynamics, and growth potential. The Company evaluates the economic viability of each opportunity before making capital allocation decisions and may decide to participate in one or more facets of the supply chain based on the dynamics mentioned above. In limited license medical markets (e.g., Pennsylvania), or markets in the process of transitioning to adult-use (e.g., Virginia), Jushi may seek to expand its cultivation assets despite the high level of capital investment required, given the significant market opportunity. Also, in other markets, Jushi may seek a more balanced capital allocation approach where it may acquire a grower-processor and/or additional retail dispensaries in a market where it currently operates, such as Illinois, Ohio, Massachusetts, Nevada and California. Lastly, Jushi may look to deploy more significant capital in limited license adult-use cannabis markets that are expected to continue to grow (such as Massachusetts and Nevada). Jushi may allocate significant capital to acquire a vertically integrated operator. By establishing a strong platform and retail-brand recognition in markets that have the greatest growth potential, Jushi expects to be well-positioned to have a first-mover advantage for future growth in adult-use cannabis once it is further legalized.

Growth Strategy

Our team remains intensely focused on expanding our retail, cultivation, manufacturing and processing presence in current markets, while pursuing acquisition opportunities across the supply chain that complement our existing portfolio. We believe our financial capacity allows us to operate from a position of strength and will help Jushi emerge as an even stronger player in this industry. Jushi plans to implement its growth strategy by expanding its presence in current markets, increasing its offering of branded product lines, targeting acquisition opportunities across the supply chain, and applying for de novo licenses.

Expanding its presence in current markets. The Company currently operates twenty six dispensaries in limited license markets where state or jurisdictional-level restrictions limit the number of cannabis licenses awarded, resulting in high barriers to entry, limited market participants, and long-term competitive advantage. The Company plans to build-out its retail footprint in Pennsylvania, Illinois, Virginia, California and Nevada by increasing its store count from 16 to 18 in Pennsylvania, opening four additional medical dispensaries in Virginia, opening two additional adult-use stores in California, and closing on the acquisitions of four retail dispensaries in Las Vegas, Nevada, which will bring its operating store count from 26 to approximately 40 by the end of 2022. In Virginia, these four medical dispensaries will be in addition to Dalitso's Sterling dispensary and Manassas dispensary, co-located within the pharmaceutical processor facility near the City of Manassas, which allows Dalitso to cultivate, process, dispense and deliver medical cannabis to registered patients in the state. The Company closed on its previously announced acquisition to purchase Dalitso's pharmaceutical processor facility and surrounding land for approximately $22 million. In Pennsylvania, the Company acquired 100 percent of the equity of a grower-processor facility in Scranton, Pennsylvania (the "Pennsylvania Facility"). The Company plans to more than double the square footage of the Pennsylvania facility from approximately 81,000 sq. ft. to approximately 210,000 sq. ft. in a phased expansion. The Company will utilize the facility to supply its Pennsylvania BEYOND/HELLO™ retail stores and other state licensed retail facilities within the Commonwealth. Additionally, the Company also acquired OhiGrow, one of 34 licensed cultivators in Ohio and FBS-OH, a licensed medical cannabis processor in Ohio. OhiGrow and FBS-OH represent attractive opportunities for Jushi to solidify its presence and supply chain in Ohio. The Ohio cultivation and processing facilities allow the Company to cultivate, process and sell manufactured medical cannabis products to licensed medical marijuana dispensaries in Ohio.

Targeting acquisition opportunities in limited licenses jurisdictions. Jushi is pursuing acquisition opportunities to become vertically integrated in Illinois, where the Company currently only operates retail dispensaries. The Company is also pursuing acquisition opportunities in limited license markets with high barriers of entry, such as Ohio. In Massachusetts, the Company closed on its previously announced acquisition of a vertically-integrated single state operator, which currently operates two dispensaries as well as a cultivation and production facility. The Company has the ability to acquire one additional adult-use store in Massachusetts. Additionally, in Nevada, the Company signed two definitive agreements for assets in the state. The Company signed a definitive agreement to acquire a vertically integrated state operator with three retail dispensaries, a cultivation facility and a product manufacturing facility. In Las Vegas, Nevada, the Company also definitive agreement to acquire 100% of the equity interest of an entity operating an adult-use and medical retail dispensary. Subject to all necessary approvals, upon acquiring the Nevada retail dispensaries including the Las Vegas, Nevada retail dispensary, which is expected to close in Q1 2022, the Company's store count increases from thirty three to thirty eight by the end of 2022.

Applying for de novo licenses. Jushi is actively seeking additional avenues of growth in its existing markets and other key markets. The Company is in the process of evaluating, preparing to enter, or has submitted applications for municipal, county, and/or state cannabis licenses in California, Illinois, Ohio, Florida, and New Jersey. In Illinois, the Company's partner, Northern Cardinal Ventures, LLC was awarded a conditional retail dispensary license. Jushi is an operational and 49% equity partner in Northern Cardinal. Pending regulatory approvals, the new dispensary, which is expected to be open in 2023, will operate under Jushi's retail brand, BEYOND/HELLO™, and would be the fifth BEYOND/HELLO™ location in Illinois.

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

Summary of Quarterly Results and Selected Financial Information

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

	Quarter Ended						
	September 30, 2021	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*	*(unaudited)*	*(unaudited)*	*(unaudited)*
Revenue, net	$ 53,981	$ 47,744	$ 41,675	$ 32,294	$ 24,913	$ 14,932	$ 8,633
Net income (loss)	$ 38,234	$ 4,760	$ (26,801)	$ (156,662)	$ (29,999)	$ (9,308)	$ (15,898)
Net income (loss) attributable to Jushi shareholders	$ 38,296	$ 4,950	$ (26,626)	$ (156,036) (2)	$ (29,426)	$ (8,879)	$ (15,617)
Net income (loss) per share attributable to Jushi shareholders - basic	$ 0.23	$ 0.03	$ (0.18)	$ (1.35)	$ (0.31)	$ (0.10)	$ (0.17)
Weighted average number of shares outstanding - basic	169,542,990	155,093,805	149,933,639	115,362,054	93,572,969	92,264,221	93,317,981
Net loss per share attributable to Jushi shareholders - diluted	$ (0.08) (1)	$ (0.09) (1)	$ (0.18)	$ (1.35)	$ (0.31)	$ (0.10)	$ (0.17)
Weighted average number of shares outstanding - diluted (1)	200,022,949	188,122,697	149,933,639	115,362,054	93,572,969	92,264,221	93,317,981

(1) For the three months ended September 30, 2021, the fair value gain on derivative warrants of $55,060 was adjusted from basic earnings resulting in diluted net loss of $16,726 used in the calculation of diluted loss per share. For the three months ended June 30, 2021, the fair value gain on derivative warrants of $21,061 was adjusted from basic earnings resulting in diluted net loss of $16,111 used in the calculation of diluted loss per share.
(2) Net loss for the quarter ended December 31, 2020 included losses of $135,659 as a result of fluctuations in the fair value of the Company's derivative liabilities, primarily due to the changes in the fair value of the Company's Subordinate Voting Shares and the number of warrants associated with the derivatives warrants liability.

The Company's results are impacted by the Company's acquisitions. Refer to Note 7 - Acquisitions in the September 30, 2021 and the 2020 Financial Statements for additional information.

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

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

	September 30, 2021	December 31, 2020
Assets:		
Cash and cash equivalents and restricted cash	$ 53,693	$ 85,857
Investments in securities - short-term	$ 5,905	$ 7,934
Total assets	$ 625,873	$ 359,279
Liabilities:		
Long-term liabilities	$ 377,434	$ 320,775
Total liabilities	$ 456,673	$ 357,529

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

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

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

	For the Three Months Ended September 30, 2021	For the Three Months Ended September 30, 2020	For the Nine Months Ended September 30, 2021	For the Nine Months Ended September 30, 2020
REVENUE, NET	$ 53,981	$ 24,913	$ 143,400	$ 48,478
COST OF GOODS SOLD	(30,664)	(13,888)	(79,725)	(25,930)
GROSS PROFIT BEFORE FAIR VALUE CHANGES	$ 23,317	$ 11,025	$ 63,675	$ 22,548
Realized fair value changes included in inventory sold	(3,077)	(761)	(11,271)	(921)
Unrealized fair value changes included in biological assets	4,213	1,986	14,087	2,254
GROSS PROFIT	$ 24,453	$ 12,250	$ 66,491	$ 23,881
OPERATING EXPENSES:				
General, administrative and selling expenses	$ 24,348	$ 11,843	$ 70,215	$ 34,035
Acquisition and deal costs	258	88	1,367	732
Total operating expenses	$ 24,606	$ 11,931	$ 71,582	$ 34,767
(LOSS) INCOME FROM OPERATIONS BEFORE OTHER INCOME (EXPENSE)	$ (153)	$ 319	$ (5,091)	$ (10,886)
OTHER INCOME (EXPENSE):				
Interest income	$ 60	$ 69	$ 244	$ 184
Fair value changes in derivatives	55,060	(36,888)	66,801	(38,049)
Interest expense	(8,093)	(6,791)	(20,831)	(13,178)
Net gains on business combinations	—	15,313	—	17,515
Gains (losses) on investments and financial assets	76	1,654	1,373	(4,225)
(Losses) gains on debt and warrant modifications	—	(257)	(3,815)	10
Other income (expense), net	189	(1,569)	(1,049)	(2,360)
Total other income (expense), net	$ 47,292	$ (28,469)	$ 42,723	$ (40,103)
INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) BEFORE TAX	$ 47,139	$ (28,150)	$ 37,632	$ (50,989)
Current income tax expense	(7,632)	(3,796)	(20,277)	(8,545)
Deferred income tax (expense) benefit	(1,273)	1,947	(1,162)	4,331
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)	$ 38,234	$ (29,999)	$ 16,193	$ (55,203)
Net loss attributable to non-controlling interests	(62)	(573)	(427)	(1,282)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO JUSHI SHAREHOLDERS	$ 38,296	$ (29,426)	$ 16,620	$ (53,921)
NET INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) PER SHARE ATTRIBUTABLE TO JUSHI SHAREHOLDERS - BASIC	$ 0.23	$ (0.31)	$ 0.10	$ (0.58)
Weighted average shares outstanding - basic	169,542,990	93,572,969	158,688,176	93,060,539
NET LOSS AND COMPREHENSIVE LOSS PER SHARE ATTRIBUTABLE TO JUSHI SHAREHOLDERS - DILUTED	$ (0.08)	$ (0.31)	$ (0.26)	$ (0.58)
Weighted average shares outstanding - diluted	200,022,949	93,572,969	191,458,626	93,060,539

Three Months Ended September 30, 2021

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

Revenue, Net

Revenue, net for the three months ended September 30, 2021 totaled $53,981, compared to $24,913 for the three months ended September 30, 2020, an increase of $29,068 or 117%. The Company's revenue is derived primarily from retail and wholesale operations in both medical and adult-use markets.

Segments

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

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

	Three Months Ended September 30, 2021			Three Months Ended September 30, 2020		
	Revenue by Segment	Intercompany Revenue	Revenue to External Customers	Revenue by Segment	Intercompany Revenue	Revenue to External Customers
Retail	$ 50,694	$ —	$ 50,694	$ 22,602	$ —	$ 22,602
Wholesale	7,611	(4,439)	3,172	2,723	(532)	2,191
Other	115	—	115	120	—	120
Inter-segment eliminations	(4,439)	4,439	—	(532)	532	—
Total	$ 53,981	$ —	$ 53,981	$ 24,913	$ —	$ 24,913

Revenue for the Company's Retail segment was $50,694 for the three months ended September 30, 2021, compared to $22,602 for the three months ended September 30, 2020, an increase of $28,092 or 124%. The increase in Retail revenue is due primarily to the Company's acquisitions and expansion of cannabis operations from acquisitions, along with continued growth. Retail revenues for the three months ended September 30, 2021 were derived from twenty four cannabis dispensaries located in Pennsylvania (fifteen), Illinois (four), California (two), Virginia (one) and Massachusetts (two), whereas for the three months ended September 30, 2020 retail revenues were derived from a total of ten cannabis dispensaries located in Pennsylvania (eight) and Illinois (two). In addition, for the three months ended September 30, 2021, the Company experienced organic growth in sales at its Pennsylvania dispensaries, as compared to the same period in the prior year. For the three months ended September 30, 2021, the Company experienced overall growth in Illinois from the opening of two additional stores, with a slight shifting of sales from organic to new stores.

Revenue for the Company's Wholesale segment was $7,611 for the three months ended September 30, 2021, compared to $2,723 for the three months ended September 30, 2020, an increase of $4,888, or 180%. The increase in Wholesale revenue is primarily attributable to increases in cultivation and manufacturing activity at our grower processor facilities: (i) in Pennsylvania due to PAMS which was acquired in the third quarter of 2020; (ii) in Massachusetts due to the Nature's Remedy which was acquired in the third quarter of 2021; (iii) in Virginia due to the commencement of operations at the Dalitso facility in the third quarter of 2021; offset by a decrease in sales from our Nevada facility, which had experienced increased sales for the three months ended September 30, 2020 after emerging from the COVID-19 shutdown. Wholesale revenue includes inter-segment revenue of $4,439, which is eliminated in consolidation.

Revenue from the Company's Other operations totaled $115 for the three months ended September 30, 2021, compared to $120 for the three months ended September 30, 2020. Revenue from the Company's Other operations primarily represents sales of Hemp/CBD products.

Cost of Goods Sold

Cost of goods sold, which excludes realized fair value changes included in inventory sold and unrealized fair value changes included in biological assets, totaled $30,664 for the three months ended September 30, 2021, as compared to $13,888 for the three months ended September 30, 2020, an increase of $16,776 or 121%. The increase in cost of goods sold is primarily attributable to the increase in revenues. As a percentage of revenue, cost of goods sold for the three months ended September 30, 2021 and 2020, was 57% and 56%, respectively. Cost of goods sold is comprised of inventory expensed to cost of goods sold including third-party product costs, production-related salaries, wages, labor and employee related expenses and production-related depreciation; other production costs; and inventory provision.

Gross Profit

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

Gross profit totaled $24,453 for the three months ended September 30, 2021, as compared to $12,250 for the three months ended September 30, 2020, an increase of $12,203 or 100%. As a percentage of revenue, gross profit for the three months ended September 30, 2021 and 2020, was 45% and 49%, respectively. Gross profit increased primarily due to the increase in revenue, partially offset by increased promotional activity focused on growing the percentage mix of private brand products; and an increase in loyalty program promotional activity.

The realized fair value changes included in inventory sold was a loss of $3,077 and the unrealized fair value changes included in biological assets was a gain of $4,213 for the three months ended September 30, 2021. For the three months ended September 30, 2020, the realized fair value changes included in inventory sold was a loss of $761, while the unrealized fair value changes included in biological assets was a gain of $1,986. The fair value adjustments on biological assets are the gains or losses arising from changes in fair value less costs to sell during the period and are included in the statements of operations and other comprehensive income (loss) of the related period. Realized fair value amounts from biological assets included in the cost of inventory sold are separately presented from cost of sales in the statements of operations and other comprehensive income (loss) of the related period. Determination of the fair values of the biological assets requires the Company to make estimates and assumptions about how market participants assign fair values to the biological assets. These estimates and assumptions relate primarily to the level of effort required to bring the plants up to the point of harvest, sales price and expected remaining future yields for the plants.

Operating Expenses

General, Administrative and Selling Expenses

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

G&A expenses were $24,348 for the three months ended September 30, 2021, as compared to $11,843 for three months ended September 30, 2020, an increase of $12,505 or 106%. The net overall increase in G&A is due to the increase in the size and scope of general and administrative functions of the Company to support expanded operations, as a result of growth and acquisitions. The details of G&A expenses and comparison for the three months ended September 30, 2021 and 2020, includes the following:

	Three Months Ended September 30,			
	2021	2020	Change	% Change
Salaries, wages, labor and employee related expenses	$ 13,240	$ 4,964	$ 8,276	167%
Share-based compensation	2,035	1,274	761	60%
Depreciation and amortization expense	2,096	1,310	786	60%
Facilities related expenses	1,681	1,150	531	46%
Professional fees and legal expenses	1,371	874	497	57%
Marketing and selling	802	830	(28)	(3)%
Insurance	754	542	212	39%
Administration and application fees	209	284	(75)	(26)%
Software and technology	781	241	540	224%
Travel, entertainment and conferences	634	214	420	196%
Other G&A	745	160	585	366%
Total general, administrative and selling expenses	$ 24,348	$ 11,843	$ 12,505	106%

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

The increase in share-based compensation is due to increases in: restricted stock expense, stock option expense and warrant expense, primarily as a result of continued vesting of awards, and awards for new hires.

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

Acquisition and Deal Costs

Acquisition and deal costs totaled $258 for the three months ended September 30, 2021, as compared to $88 for the three months ended September 30, 2020, an increase of $170, or 193%. The majority of acquisition and deal costs for the three months ended September 30, 2021 related to the Company's 2021 planned or closed acquisitions, whereas the majority of acquisition and deal costs for the three months ended September 30, 2020 related primarily to the 2020 business combinations.

Total Other Income (Expense)

Interest Income

Interest income was $60 for the three months ended September 30, 2021 as compared to $69 for the three months ended September 30, 2020 , a decrease of $9, or 13%. The majority of interest income relates to interest earned on cash balances in bank accounts.

Fair Value Changes in Derivatives

Total net fair value change in derivatives was a gain of $55,060 for the three months ended September 30, 2021, as compared to a loss of $36,888 for the three months ended September 30, 2020. Fair value changes in derivatives for the three months ended September 30, 2021 include: (i) $55,022 in fair value gains relating to the derivative warrants liability; and (ii) $38 in fair value gains relating to a mandatory prepayment option on the 10% senior notes ("Prepayment Option"), which is also classified as a derivative and was initially recorded during the fourth quarter of 2020. The fair value changes in derivatives for the three months ended September 30, 2020 of $36,888 related only to the derivative warrants liability.

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

Interest Expense

Interest expense was $8,093 for the three months ended September 30, 2021, as compared to $6,791 for the three months ended September 30, 2020, an increase of $1,302, or 19%. The net increase in interest expense is primarily due to: an increase of $1,930 in interest expense related to an increase in lease liabilities from expanded operations and acquisitions; and an increase of $24 in interest from other debt; offset by, a decrease of $245 in interest expense and accretion/amortization related to the 10% senior notes as a result of decreased principal balances remaining; a decrease of $170 in interest expense from acquisition-related promissory notes as a result of decreased principal balances remaining; and a decrease in other interest expense of $237.

Net Gains on Business Combinations

There were no gains on business combinations for the three months ended September 30, 2021. Net gains on business combinations was $15,313 for the three months ended September 30, 2020, and was comprised of the bargain purchase gain for the PAMS acquisition in August 2020 as well as the related tax effects.

Gains on Investments and Financial Assets

Gains on investments and financial assets were $76 for the three months ended September 30, 2021, as compared to $1,654 for the three months ended September 30, 2020, a decrease of $1,578, or 95%. For the three months ended September 30, 2021, the gains were comprised of net fair value gains on investments and investment income from mutual funds of $31, and $45 related to gains on the contingent asset related to the 2019 sale of the Company's minority interest in Gloucester Street Capital, LLC ("GSC"). For the three months ended September 30, 2020, $127 in gains related to the mutual funds; $1,584 in gains related to the Cresco shares and warrants received from the 2019 GSC sale; partially offset by: $57 in losses related to an investment in Organigram Holdings, Inc ("Organigram") shares received in connection with the acquisition of two dispensaries in Illinois in the first quarter of 2020. For the three months ended September 30, 2020, the net gains on investments and financial assets primarily resulted from the continued improvement in market conditions which resulted in an increase in the fair values of the Company's investments.

(Losses) Gains on Debt and Warrant Modifications

There were no gains or losses on debt and warrant modifications for the three months ended September 30, 2021. For the three months ended September 30, 2020, the net loss on debt and warrant modifications of $257 was related to the extinguishment and other modifications of first tranche 10% senior notes and the related derivative warrant liabilities during the third quarter of 2020 as a result of the offering of the second tranche of the 10% senior notes.

Other Income (Expense), Net

Other income, net, was $189 for the three months ended September 30, 2021, as compared to other expense, net of $1,569 for the three months ended September 30, 2020. For the three months ended September 30, 2020, other expense consisted primarily of $2,018 in losses on legal settlements; partially offset by insurance recoveries and other income of $360.

Income Tax Expense

Total income tax expense was $8,905 for the three months ended September 30, 2021, as compared to $1,849 for the three months ended September 30, 2020, an increase of $7,056, or 382%. The increase was comprised of an increase in current tax expense of $3,836, or 101%, and an increase in the deferred tax expense of $3,220. The increase in current tax expense relates primarily to the increase in taxable gross profit generated from the Company's increased retail and wholesale sales. The deferred tax benefit for the three months ended September 30, 2020 related primarily to tax adjustments for realized investment losses.

Net Loss Attributable to Non-Controlling Interests

Net loss attributable to non-controlling interests was $62 for the three months ended September 30, 2021, as compared to $573 for the three months ended September 30, 2020, a decrease in net loss attributable to non-controlling interests of $511, or 89%. Net loss attributable to non-controlling interests for the three months ended September 30, 2021 primarily relates to the non-controlling interests of Jushi Europe SA, whereas net loss attributable to non-controlling interests for the three months ended September 30, 2020 related to the non-controlling interests of Dalitso, Jushi Europe, Agape Total Health Care Inc ("Agape") and other non-material non-controlling interests. The non-controlling interests of Dalitso and Agape were purchased by the Company during the fourth quarter of 2020 and the first quarter of 2021, respectively.

Nine Months Ended September 30, 2021

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

Revenue, Net

Revenue, net, for the nine months ended September 30, 2021 totaled $143,400, as compared to $48,478 for the nine months ended September 30, 2020, an increase of $94,922, or 196%. The Company's revenue is derived primarily from retail and wholesale operations in both medical and adult-use markets.

Segments

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

	Nine Months Ended September 30, 2021			Nine Months Ended September 30, 2020		
	Revenue by Segment	Intercompany Revenue	Revenue to External Customers	Revenue by Segment	Intercompany Revenue	Revenue to External Customers
Retail	$ 135,173	$ —	$ 135,173	$ 45,347	$ —	$ 45,347
Wholesale	16,541	(8,622)	7,919	3,266	(532)	2,734
Other	308	—	308	397	—	397
Inter-segment eliminations	(8,622)	8,622	—	(532)	532	—
Total	$ 143,400	$ —	$ 143,400	$ 48,478	$ —	$ 48,478

Revenue for the Company's Retail segment was $135,173 for the nine months ended September 30, 2021, compared to $45,347 for the nine months ended September 30, 2020, an increase of $89,826 or 198%. The increase in Retail revenue is due primarily to the Company's acquisitions and expansion of cannabis operations from acquisitions, along with the continued growth in states wherein the Company operates. Retail revenues for the nine months ended September 30, 2021, were derived from twenty four cannabis dispensaries located in Pennsylvania (fifteen), Illinois (four), California (two), Virginia (one) and Massachusetts (two), whereas for the nine months ended September 30, 2020 retail revenues were derived from a total of ten cannabis dispensaries located in Pennsylvania (eight) and Illinois (two). In addition, for the nine months ended September 30, 2021, the Company experienced organic growth in sales at its Pennsylvania and Illinois dispensaries.

Revenue for the Company's Wholesale segment was $16,541 for the nine months ended September 30, 2021, compared to $3,266 for the nine months ended September 30, 2020, an increase of $13,275, or 406%. The increase in Wholesale revenue is primarily attributable to increases in cultivation and manufacturing activity at our grower processor facilities: (i) in Pennsylvania due to PAMS which was acquired in the third quarter of 2020; (ii) in Massachusetts due to the Nature's Remedy which was acquired in the third quarter of 2021; and (iii) in Virginia due to the commencement of operations at the Dalitso facility in the third quarter of 2021. Wholesale revenue includes inter-segment revenue of $8,622, which is eliminated in consolidation.

Revenue from the Company's Other operations totaled $308 for the nine months ended September 30, 2021, compared to $397 for the nine months ended September 30, 2020, a decrease of $89, or 22%. Revenue from the Company's Other operations primarily represents sales of Hemp/CBD products.

Cost of Goods Sold

Cost of goods sold, which excludes realized fair value changes included in inventory sold and unrealized fair value changes included in biological asset, totaled $79,725 for the nine months ended September 30, 2021, as compared to $25,930 for the nine months ended September 30, 2020, an increase of $53,795, or 207%. The increase in cost of goods sold is primarily attributable to the increase in revenues. As a percentage of revenue, cost of goods sold was 56% and 53% for the nine months ended September 30, 2021, and 2020, respectively.

Gross Profit

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

Gross profit was $66,491 for the nine months ended September 30, 2021, as compared to $23,881 for nine months ended September 30, 2020, an increase of approximately $42,610, or 178%. As a percentage of revenue, gross profit was 46% and 49% for the nine months ended September 30, 2021 and 2020, respectively. Gross profit increased primarily due to the increase in revenue, partially offset by a decrease in net overall margin primarily driven by increased customer promotional activity focused on growing the percentage mix of private brand products, and an increase in loyalty program promotional activity.

The realized fair value changes included in inventory sold was a loss of $11,271 and the unrealized fair value changes included in biological assets was a gain of $14,087 for the nine months ended September 30, 2021. For the nine months ended September 30, 2020, the realized fair value changes included in inventory sold was a loss of $921, while the unrealized fair value changes included in biological assets was a gain of $2,254. The fair value adjustments on biological assets are the gains or losses arising from changes in fair value less costs to sell during the period and are included in the statements of operations and other comprehensive income (loss) of the related period. Realized fair value amounts from biological assets included in the cost of inventory sold are separately presented from cost of sales in the statements of operations and other comprehensive income (loss) of the related period. Determination of the fair values of the biological assets requires the Company to make estimates and assumptions about how market participants assign fair values to the biological assets. These estimates and assumptions relate primarily to the level of effort required to bring the plants up to the point of harvest, sales price and expected remaining future yields for the plants.

Operating Expenses

General, Administrative and Selling Expenses

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

G&A expenses for the nine months ended September 30, 2021 were $70,215 , as compared to $34,035 for the nine months ended September 30, 2020, an increase of $36,180, or 106%. The net increase in G&A is due to the increase in the size and scope of general and administrative functions of the Company to support expanded operations, as a result of growth and acquisitions. The details of G&A expenses and comparison for the nine months ended September 30, 2021 and 2020, includes the following:

	Nine Months Ended September 30,			
	2021	2020	Change	% Change
Salaries, wages, labor and employee related expenses ("S&W")	$ 37,641	$ 15,045	$ 22,596	150 %
Share-based compensation	7,982	3,804	4,178	110 %
Depreciation and amortization expense	4,808	3,390	1,418	42 %
Facilities related expenses	4,580	2,471	2,109	85 %
Professional fees and legal expenses	4,268	2,773	1,495	54 %
Marketing and selling	2,584	1,852	732	40 %
Insurance	2,398	1,597	801	50 %
Administration and application fees	769	1,120	(351)	(31)%
Software and technology	1,980	595	1,385	233 %
Travel, entertainment and conferences	1,502	493	1,009	205 %
Other G&A	1,703	895	808	90 %
Total general, administrative and selling expenses	$ 70,215	$ 34,035	$ 36,180	106 %

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

The increase in share-based compensation is due to increases in: restricted stock expense, stock option expense and warrant expense, primarily as a result of continued vesting of awards, and awards for new hires.

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

Acquisition and Deal Costs

For nine months ended September 30, 2021, acquisition and deal costs were $1,367, compared to $732 for the nine months ended September 30, 2020, an increase of $635, or 87%. The majority of acquisition and deal costs for the nine months ended September 30, 2021 related to the Company's 2021 planned or closed acquisitions, whereas the majority of acquisition and deal costs for the nine months ended September 30, 2020 related primarily to the 2020 business combinations.

Total Other (Expense) Income

Interest Income

Interest income was $244 for the nine months ended September 30, 2021 as compared to $184 for the nine months ended September 30, 2020, an increase of $60, or 33%. The majority of interest income relates to interest earned on cash balances in bank accounts.

Fair Value Changes in Derivatives

For the nine months ended September 30, 2021, fair value gains from derivatives totaled $66,801, compared to fair value losses of $38,049 for the nine months ended September 30, 2020. Fair value changes in derivatives for the nine months ended September 30, 2021 includes: $66,126 in fair value gains relating to the derivative warrants liability; and $675 in fair value gains relating to the Prepayment Option, which is also classified as a derivative and was initially recorded during the fourth quarter of 2020. The fair value losses on derivatives for the nine months ended September 30, 2020 of $38,049 related only to the derivative warrants liability. The derivative warrants are required to be remeasured at fair value at each reporting period. The gains on derivative warrants for the nine months ended September 30, 2021 were due to the decrease in the fair value of the derivative warrants liability as a result of a decrease in the Company's stock price during the period. The losses for the nine months ended September 30, 2020 were due to the increase in the fair value of the derivative warrants liability as a result of an increase in the Company's stock price during the period.

Interest Expense

Interest expense was $20,831 for the nine months ended September 30, 2021, as compared to $13,178 for the nine months ended September 30, 2020, an increase of approximately $7,653, or 58%. The net increase in interest expense in the current period is primarily due to the following: an increase of $5,343 in interest expense related to an increase in lease liabilities from expanded operations and acquisitions; an increase of $3,051 in interest expense and accretion/amortization related to the 10% senior notes, of which a significant portion of the senior notes were issued in June and July of 2020; and an increase of $281 in interest from other debt, as a result of increased amounts outstanding during 2021; partially offset by: a decrease of $860 in interest expense from acquisition-related promissory notes as a result of decreased principal balances remaining; and a decrease in other interest expense of $162.

Net Gains on Business Combinations

There were no gains on business combinations during the nine months ended September 30, 2021. For the nine months ended September 30, 2020, net gains on business combinations were $17,515, of which $15,313 related to the bargain purchase gain for the PAMS acquisition in August 2020 as well as the related tax effects, and $2,202 related to the purchase of two dispensaries in Illinois in January 2020. The $2,202 net gain for the Illinois acquisitions was comprised of a bargain purchase gain of $3,733, offset by asset disposal charges and other adjustments of $1,531.

Gains (Losses) on Investments and Financial Assets

For the nine months ended September 30, 2021, gains on investments and financial assets totaled $1,373, as compared to losses of $4,225 for the nine months ended September 30, 2020. For the nine months ended September 30, 2021, the gains were comprised of: $1,100 in net fair value gains on investments in Cresco shares and warrants received from the 2019 GSC sale; $122 in investment income from mutual funds; and a fair value gain of $151 on the contingent asset related to the Company's 2019 sale of its minority interest in GSC. For the nine months ended September 30, 2020, $523 in net losses related to the mutual funds; $3,229 in losses related to the Cresco shares and warrants; $66 related to the Cresco notes and accrued interest; and $407 in losses related to the Organigram shares received in connection with the acquisition of two dispensaries in Illinois in the first quarter of 2020. The total net losses for the nine months ended September 30, 2020 resulted from the net decline in the fair values as a result of the general market decline experienced during the first quarter as a result of COVID-19, partially offset by gains from subsequent improvements in market conditions.

Losses (Gains) on Debt and Warrant Modifications

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

Other Expense, Net

For the nine months ended September 30, 2021 other expense, net, totaled $1,049, compared $2,360 for the nine months ended September 30, 2020, a decrease in other expense of $1,311, or 56%. For the nine months ended September 30, 2021, other expense, net, was comprised primarily of $1,386 in losses on legal settlements, partially offset by other miscellaneous income. For the nine months ended September 30, 2020, other expense, net, was comprised primarily of: $2,018 in losses on legal settlements; $308 in losses related to the net write-off of internally generated intangibles; $286 for the write-off of construction-in-progress and other fixed assets; and net other expense of $109 related to the reassessment of right-of-use assets and lease liabilities; partially offset by insurance recoveries and other miscellaneous income of $382.

Income Tax Expense

Total income tax expense was $21,439 for the nine months ended September 30, 2021, as compared to $4,214 for the nine months ended September 30, 2020, an increase of $17,225, or 409%. The increase was comprised of an increase in current tax expense of $11,732 and a decrease in the deferred tax benefit of $5,493. The increase in current tax expense relates primarily to the increase in taxable gross profit generated from the Company's increased retail and wholesale sales. The deferred tax benefit for the nine months ended September 30, 2020 related primarily to tax adjustments for realized investment losses and the effects of the transactions that resulted in the purchase of the two dispensaries in Illinois during the first quarter of 2020.

Net Loss Attributable to Non-Controlling Interests

Net loss attributable to non-controlling interests was $427 for the nine months ended September 30, 2021, as compared to $1,282 for the nine months ended September 30, 2020, a decrease in net loss attributable to non-controlling interests of $855, or 67%. Net loss attributable to non-controlling interests for the nine months ended September 30, 2021, primarily relates to the non-controlling interests of Jushi Europe, whereas net loss attributable to non-controlling interests for the nine months ended September 30, 2020 related to the non-controlling interests of Dalitso, Jushi Europe, Agape and other non-material non-controlling interests. The non-controlling interests of Dalitso and Agape were purchased by the Company during the fourth quarter of 2020 and the first quarter of 2021, respectively.

Non-IFRS Measures and Reconciliation

EBITDA and Adjusted EBITDA

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

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

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

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

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
NET INCOME (LOSS) [(1)]	$ 38,234	$ (29,999)	$ 16,193	$ (55,203)
Income tax expense	8,905	1,849	21,439	4,214
Interest expense, net	8,033	6,722	20,587	12,994
Depreciation and amortization [(2)]	2,004	1,370	6,190	3,508
EBITDA (Non-IFRS)	$ 57,176	$ (20,058)	$ 64,409	$ (34,487)
Fair value changes included in inventory sold and biological assets	(1,136)	(1,225)	(2,816)	(1,333)
Share-based compensation expense	2,035	1,274	7,982	3,804
Fair value changes in derivatives [(3)]	(55,060)	36,888	(66,801)	38,049
Losses (gains) on debt and warrant modifications [(3)]	—	257	3,815	(10)
Net gains on business combinations	—	(15,313)	—	(17,515)
(Gains) losses on investments and financial assets	(76)	(1,654)	(1,373)	4,225
Acquisition and deal costs [(4)]	258	88	1,367	732
Severance costs and adjustments [(4)(5)]	(69)	—	1,810	—
Start-up costs [(4)(6)]	2,315	550	4,753	1,407
(Gains) losses on legal settlements	(22)	2,018	1,386	2,018
Inventory step-up on business combination [(7)]	865	—	865	—
Registration statement costs [(8)]	68	—	68	—
Adjusted EBITDA (Non-IFRS)	$ 6,354	$ 2,825	$ 15,465	$ (3,110)

(1) Net income (loss) includes amounts attributable to non-controlling interests.
(2) From the statement of cash flows. Includes amounts that are included in cost of goods sold and in operating expenses.
(3) Refer to Note 13 - Senior Notes and Note 14 - Derivatives in the September 30, 2021 Financial Statements.
(4) During the second quarter of 2021, we revised our methodology for calculating Adjusted EBITDA to also adjust for the effects of acquisition and deal costs, severance costs and start-up costs. We revised our methodology for calculating Adjusted EBITDA because we believe that the fluctuations caused in our operating results from these items are not reflective of our core performance, and that the revised methodology provides management and investors more useful information to evaluate the operations of our business. The prior period data for these items has been added to conform to current period presentation.
(5) Severance costs for the nine months ended September 30, 2021 relate to a founder's separation cost and to severance for former executives of a previously acquired business.
(6) Expansion and start-up costs incurred in order to prepare a location for its intended use. Start-up costs are expensed as incurred and are not indicative of ongoing operations of each new location.
(7) Relates to the fair value write-up on inventory acquired in the Nature's Remedy acquisition and sold during the third quarter of 2021.
(8) Adjustment to reflect the elimination of costs relating to Company's SEC registration and compliance.

The improvements in Adjusted EBITDA for the nine months ended September 30, 2021, as compared to the same period in the prior year, are due to significantly higher revenue and operational gross profit, primarily due to continued growth related to the Company's expansion of operations and acquisitions.

Liquidity and Capital Resources

Sources and Uses of Cash

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

The Company had cash and cash equivalents and restricted cash of $53,693, investments in securities of $5,905, total current assets of $139,332, and current liabilities of $79,239 as of September 30, 2021. The Company therefore had net working capital of $60,093.

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

	Nine Months Ended September 30,	
	2021	2020
Net cash flows used in operating activities	$ (14,514)	$ (6,337)
Net cash flows used in investing activities	(100,403)	(30,675)
Net cash flows provided by financing activities	82,965	33,867
Effect of currency translation on cash	(212)	(24)
Net change in cash and cash equivalents and restricted cash	$ (32,164)	$ (3,169)

Cash used in operations during the nine months ended September 30, 2021 was $14,514, as compared to $6,337 for the nine months ended September 30, 2020. The increase in cash used in operations for the nine months ended September 30, 2021 is due primarily to a net decrease in cash inflows from changes from operating assets and liabilities, net of acquisitions.

Net cash used in investing activities totaled $100,403 for the nine months ended September 30, 2021, as compared to $30,675 for the nine months ended September 30, 2020. The net cash used in investing activities for the nine months ended September 30, 2021 was comprised of: $56,351 for purchases and deposits for property, plant and equipment for use in the Company's operations; $47,303 in payments for the acquisitions of Nature's Remedy, OhiGrow, Grover Beach and OSD, net of cash acquired; partially offset by $3,251 in proceeds from sales of investments. The net cash used in investing activities for the nine months ended September 30, 2020 was comprised of: $25,608 in payments for the acquisitions, net of cash acquired (and excluding payments for non-controlling interests); and $12,417 for the purchases of property, plant and equipment; partially offset by $2,157 in net proceeds from investments in securities and $5,193 in cash proceeds from a note receivable.

Net cash provided by financing activities totaled $82,965 for the nine months ended September 30, 2021, as compared to $33,867 for the nine months ended September 30, 2020. The net cash provided by financing activities for the nine months ended September 30, 2021 was comprised of: $85,660 in proceeds from the issuance of shares for cash, net of issuance costs, in connection with the public offerings in January and February 2021; $16,438 in proceeds from the exercise of warrants and stock options; and $2,715 in net proceeds from other debt; partially offset by: $13,868 in payments on the 10% senior notes, including principal redemptions of $8,134 and interest payments of $5,734; $6,055 in lease obligation payments; $1,925 in payments on acquisition-related promissory notes payable, including $1,620 in principal payments and $305 in interest payments. The net cash provided by financing activities for nine months ended September 30, 2020 was comprised of: $51,877 in proceeds from the 10% senior notes, net of financing costs, from the issuance of 10% senior notes and derivative warrants, partially offset by $4,325 in interest payments for the 10% senior notes; proceeds from other debt for a financing arrangement of $3,017; a contribution receipt of $1,994 from Jushi Europe SA non-controlling interests; and $596 in proceeds from the exercise of warrants and stock options; partially offset by: $15,566 in payments on acquisition-related promissory notes payable, including $13,726 in principal payments and $1,840 in interest payments; $1,876 in lease obligation payments; and $1,850 in payments for the purchase of non-controlling interests.

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

Commitments and Contingencies

The Company is subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its consolidated operations, or losses of permits that could result in ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulations as of September 30, 2021, cannabis and hemp regulations continue to evolve and area is subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future. Refer to “Risks Related to the Business of Jushi” below.

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

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

The Company expects to incur capital expenditures of approximately $35 million - $40 million for the period from October 1, 2021 through December 31, 2021, subject to market conditions and regulatory changes, for purchases of properties, plant and equipment, including improvements and construction of buildouts of certain locations, including for properties for which the lease is conditional on obtaining the applicable related license or for which other contingencies exist, but excluding capital expenditures for acquisitions that have not yet closed.

Jushi continues to execute its retail plans in Pennsylvania, Virginia, Illinois, Nevada and California. The Company expects to incur approximately $11 million of capital expenditures from October 1, 2021, through December 31, 2021, related to the build-out of its retail operations and property purchases. In Pennsylvania, the Company expects to open two additional BEYOND/HELLO™ retail location by the end of 2021 with all eighteen dispensaries open. In Virginia, the Company anticipates opening the four remaining BEYOND/HELLO™ branded medical dispensaries in 2022. In Illinois, the Company plans to open its fifth BEYOND/HELLO™ retail location by the end of 2022. On the West Coast, Jushi expects to close on the acquisition of an adult-use and medical retail dispensary in Las Vegas, Nevada by the first quarter of 2022. As for California, the Company continues to execute its retail expansion plan in the state by completing the buildout of the new BEYOND/HELLO™ Grover Beach in the first quarter of 2022 and the Company’s BEYOND/HELLO™ Culver City dispensary by Q2 2022.

The Company’s wholly-owned subsidiary, PAMS, entered into an amendment of its existing lease with IIPR making available an additional $30 million in funding (which is included in the Company’s right-of-use lease liabilities) for the first phase of property development of the Pennsylvania Facility. The funding will be used to complete the buildout of the existing 81,000 sq. ft. building and an approximately 40,000 sq. ft. expansion of the Pennsylvania Facility for a total of 123,000 sq. ft. The Company has added many parcels of land to the footprint and is close to being able to expand to over 300,000 square feet. With over 300,000 square feet of total plant capacity, the initial 81,000 square foot facility will become the center of all operations with a much larger manufacturing and post-harvest operation that will support the larger facility. The first phase of the expansion, with an estimated budget of approximately $40 million, will add approximately 40,000 square feet, bringing the total square footage to 123,000 square feet and total canopy to approximately 44,000 square feet, increase annual biomass capacity from approximately 10,000 lbs. to 25,000 lbs. and is expected to be completed by the first quarter of 2022, subject to regulatory approvals, and begin to generate revenue by the second quarter of 2022. The Company plans to introduce new technologies, including hydrocarbon extraction in December 2021, which is expected to increase extraction productivity by 4 times and produce a much higher-quality product. The Company expects PAMS to begin the second phase of the expansion in the first quarter of 2022, with an estimated completion date of the fourth quarter of 2022, subject to regulatory approvals. The Company expects to incur approximately $7 million of capital expenditures from October 1, 2021, through December 31, 2021, related to the expansion of this facility. The grower-processor facility is expected to be approximately 210,000 sq. ft. after both phases of the buildout have been completed. Phase two of the expansion would increase total canopy from 44,000 square feet to approximately 100,000 square feet and increase biomass capacity from approximately 25,000 lbs. to approximately 67,000 lbs. In addition to these two contemplated phases of buildout, PAMS continues to assess and develop further expansion opportunities at the Pennsylvania Facility to meet the needs of patients and wholesale market demand, now and in the future.

In December 2020, the Company completed the initial 30,000 sq. ft. phase one build-out of the VA Facility, vertically integrated facility including the co-located cannabis dispensary, operated by Dalitso, the Company's 100% owned pharmaceutical processor permit holder. In May 2021, the Company began phase one of the expansion, which is expected to add approximately 63,000 sq. ft. of cultivation, manufacturing and processing capacity, and should be completed by the end of the first quarter of 2022. At full capacity, the facility will have 19,000 sq. ft. of canopy and an annual production capacity of approximately 12,000 lbs. of biomass that should come to market by the end of the second quarter of 2022 or early Q3 as the construction ends at the end of Q1 and the grow cycles begin in Q2. The Company is also in the design phase of constructing a second connected on-site building that would also be built-out in two phases (phase two and phase three). Phase two of the second building is expected to add another approximately 100,000 sq. ft, 35,000 sq. ft. of canopy, and 23,000 lbs. of biomass for a total of approximately 195,000 sq. ft., approximately 54,000 sq. ft.of canopy, and approximately 35,000 lbs. of annual biomass capacity. We expect to be able to complete phase two by the end of the first quarter of 2023 and begin the planting cycle in Q2 of 2023. Phase three would add another approximately 70,000 square feet to the facility, 69,000 sq. ft. of canopy, and 45,000 lbs. of annual biomass capacity for a total of approximately 263,000 square feet, 123,000 sq. ft. of canopy, and 80,000 lbs. of annual biomass capacity. Dalitso's planned buildout of the VA Facility, enables Dalitso to efficiently produce a consistent supply of medical cannabis products as patient access improves and the medical cannabis program continues to mature and expand. The Company expects to incur approximately $14 million of capital expenditures from October 1, 2021, through December 31, 2021, related to the expansion of this facility.

In Massachusetts, the Company acquired Nature's Remedy, a vertically-integrated single state operator in Massachusetts. Nature's Remedy operates two retail dispensaries, in Millbury, MA and Tyngsborough, MA, and a 50,000 sq. ft. cultivation and production facility in Lakeville, MA with approximately 22,000 sq. ft. of high-quality indoor flower canopy and state-of-the-art extraction and manufacturing capabilities (the "Lakeville Facility"). Currently, the 50,000 sq. ft. Lakeville Facility's flower canopy encompasses approximately 19,500 sq. ft., which Nature's Remedy expects to expand to approximately 33,000 sq. ft. by the end of the year. Current flower production at the Lakeville Facility is approximately 9,000 lbs./year, which, as part of the expected expansion, Nature's Remedy could increase to approximately 29,000 lbs./year based on 33,000 sq. ft. of canopy. Nature's Remedy is also evaluating further expansion opportunities in the existing Lakeville industrial complex and/or on ten acres of land owned by Nature's Remedy in Grafton, MA. The Lakeville Facility could potentially accommodate an additional 18,000 to 20,000 sq. ft. of flower canopy through the expansion into approximately 26,000 sq. ft. of adjacent space in the existing building. In Grafton, MA, Nature's Remedy has a Host Community Agreement in place with the city and recently received a provisional cultivation license from the Commonwealth. The ten acres of land in Grafton, MA could potentially accommodate a 35,000 to 40,000 sq. ft. new facility with approximately 18,000 sq. ft. of flower canopy. These expansions are subject to business evaluations and needs, and receipt of applicable regulatory approvals. The Company expects to incur approximately $1 million of capital expenditures from October 1, 2021, through December 31, 2021 related to the Nature's Remedy expansions.

In Nevada, FBS Nevada operates one of the two 7,200 sq. ft. adjacent facilities and has upgraded the facility with state-of-the-art, indoor, double-stacked cultivation that yields approximately 2,500 lbs. of biomass per year. FBS Nevada plans to connect the two facilities to create a single production space for a total of 18,000 sq. ft. The expansion is expected to more than double cultivation capacity to 11,000 lbs. of biomass per year and be completed by the fourth quarter of 2022. The Company expect to incur capital expenditures beginning in the first quarter of 2022, related to the expansion of these facilities.

The Company constructed an 8,000 sq. ft., state-of-the-art processing facility located in Columbus, Ohio that commenced operations in July 2021. The Company plans on introducing hydrocarbon extraction capabilities by the end of 2021, which will allow for the start of production of distillate products in the first quarter of 2022. The Company projects that at scale the facility will be capable of processing upwards of 10,000 lbs of biomass annually. Additionally, the Company has acquired OhiGrow located in Toledo, Ohio for a total consideration of $5.0 million. The OhiGrow facility consists of one parcel of land totaling 1.35 acres containing an approximately 10,000 sq. ft. free-standing building. OhiGrow holds a Level II cultivation license that allows for an initial 3,000 square feet of cultivation area. OhiGrow starts production soon and expects its first harvest by December 2021. OhiGrow will operate approximately 2,200 square feet of canopy and expects to produce approximately 1,900 lbs of biomass annually. There is an additional 15,000 sq. ft. of available vacant space on the property, which can be further developed. OhiGrow holds a Level II cultivation license from the state of Ohio. The Company intends to apply for the necessary approvals to expand the OhiGrow facility's cultivation area to the maximum 9,000 sq. ft. currently permitted under the Level II cultivation license, and is expected to produce approximately 10,000 lbs. of biomass per year. The Company expects to incur approximately $0.3 million of capital expenditures from October 1, 2021, through December 31, 2021, related to the expansion of this facility.

Contractual Obligations and Off-Balance Sheet Arrangements

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

	< 1 Year	1 to 3 Years	3 to 5 Years	> 5 Years	Total
Accounts payable, accrued expenses and accrued liabilities	$ 62,151	$ —	$ —	$ —	$ 62,151
10% Senior Notes - principal	—	75,193	—	—	75,193
Promissory notes - principal	—	15,298	5,000	3,100	23,398
Leases - including interest	16,598	28,035	27,798	303,369	375,800
Other debt - including interest	2,186	996	2,573	11,513	17,268
Total	$ 80,935	$ 119,522	$ 35,371	$ 317,982	$ 553,810

Refer to Note 23 - Commitments and Contingencies in the September 30, 2021 Financial Statements for other commitments of the Company. As of the date of this MD&A, the Company does not have any other off-balance sheet arrangements that have, or are reasonably likely to have, a material current or future effect on the financial performance or financial condition of the Company.

Outstanding Share Data

As of September 30, 2021, the Company had 182,204,274 Subordinate Voting Shares issued and outstanding, 70,019,758 warrants outstanding, 3,666,511 unvested restricted stock awards (included in the Subordinate Voting Shares outstanding), and 10,921,452 stock options outstanding.

On August 9, 2021, all issued and outstanding Super Voting Shares and all Multiple Voting Shares were converted into Subordinate Voting Shares in accordance with their terms. The outstanding warrants to acquire Super Voting Shares and Multiple Voting Shares were also converted into warrants to acquire Subordinate Voting Shares, without any amendment to the other terms of such warrants. Following these conversions, there are no Super Voting Shares or Multiple Voting Shares or warrants issued and outstanding. As of November 22, 2021, the Company had 182,870,964 Subordinate Voting Shares, 69,269,758 outstanding warrants, 3,314,205 unvested restricted stock awards (included in the Subordinate Voting Shares outstanding), and 19,870,787 stock options outstanding. Refer to Note 16 - Equity in the September 30, 2021 Financial Statements for additional details on the Company's securities.

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

Accounting Policies, Critical Judgments and Estimates

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

Related Party Transactions

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

Internal Controls over Financial Reporting

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

RISK FACTORS

The Company is subject to various risks and uncertainties and an investment in securities of the Company should be considered highly speculative. Prior to making an investment decision, investors should consider the risks set forth or referred to below and those described elsewhere in this MD&A, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The Company considers the aforementioned risks to be the most significant, but do not consider them to be all the risks associated with an investment in securities of the Company.

If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Company is currently unaware or which the Company considers not to be material in connection the Company's business, actually occur, the Company's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects are likely to be materially and adversely affected. In such circumstances, the price of the Company's securities could decline, and investors may lose all or part of their investment.

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

Risks related to loss of officers and directors

The Company's operations are dependent upon a relatively small group of individuals and, in particular, its officers and directors. The Company believe that its success will depend on the continued service of its officers and directors. In addition, the Company's officers and directors are not required to commit any specified amount of time to the Company's affairs and, accordingly, may have conflicts of interest in allocating management time among various business activities, including identifying potential acquisitions and monitoring the related due diligence. Except for the Company's CEO, the Company does not have key-man insurance on the life of any of its directors or officers. The unexpected loss of the services of one or more of its directors or officers could have a detrimental effect on the Company, its operations and its ability to make acquisitions.

Risks related to beneficial owner voting control

James Cacioppo, Chairman and Chief Executive Officer, Louis Jonathan Barack, President, and Denis Arsenault, a significant shareholder and previous member of the board of directors, beneficially owned approximately 13.47% in total of the outstanding shares of our common stock (23.76% on a fully diluted basis) as of September 30, 2021. Accordingly, they may be in a position to influence: (i) the vote of most matters submitted to our shareholders, including any merger, consolidation or sale of all or substantially all of our assets; (ii) the nomination of individuals to the Board of Directors; and (iii) a change in control. Any concentrated control of the Company could delay, defer, or prevent a change of control of the Company, the sale of all or substantially all of the assets of the Company or another arrangement involving the Company that other shareholders support. Conversely, any concentrated control could allow consummation of a transaction that some of the Company's other shareholders do not support, for example long-term strategic investment decisions and taking risks that may not be successful and may seriously harm the Company's business.

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

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

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

Listing Standards of the OTCQX

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

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

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

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

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