JUSHI HOLDINGS INC.

(Formerly Tanzania Minerals Corp.)

MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended June 30, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

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

Jushi is a globally focused, multi-state cannabis and hemp operator with retail, distribution, cultivation, and processing operations for both medical and adult-use. Our strategic approach has been to target large adult-use markets such as California and Nevada as well as limited license medical markets such as New York, Ohio, Pennsylvania, Florida and Virginia. Our brands and operations are diversely focused on high-quality products across the entire cannabinoid and hemp ecosystem. We have made investments in operations, branding, cultivation, processing, and licenses in key markets. Jushi strives to maximize shareholder by standing behind superior quality cannabis and hemp-derived products, and conducting its business according to high ethical standards and in compliance with applicable law.

The Company's registered office is 217-179 Davie Street, Vancouver, BC V6Z 2Y1 and its headquarters is 1800 NW Corporate Boulevard, Boca Raton, FL 33431.

This Management's Discussion and Analysis ("MD&A") covers the financial statements of Jushi as at June 30, 2019, and for the three months then ended (the "Financial Statements"). This MD&A should be read in conjunction with the audited annual financial statements and notes thereto for the year ended December 31, 2018 (the "Annual Financial Statements"). The accompanying interim financial statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS"), and all amounts are expressed in US dollars unless otherwise noted. The information contained in this report is current to August 14, 2019 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 unaudited condensed interim consolidated financial statements and this MD&A have been reviewed by the Company's Audit Committee and was approved by the Company's Board of Directors on August 13, 2019.

Jushi Holdings Inc. is an entity that will derive a substantial portion of its revenues from the cannabis industry in certain U.S. states, which industry is illegal under U.S. federal law. Jushi is indirectly, through its subsidiaries, involved in the cannabis industry in the U.S. where local state laws permit such activities. Currently, its subsidiaries are indirectly engaged in the grow, manufacture, possession, use, sale or distribution of cannabis and hemp derived products in the recreational and medicinal cannabis marketplace in the [States or Commonwealths of New York, Nevada, and Pennsylvania [with plans to engage in similar operations in other state legal jurisdictions]. Third party service providers could suspend or withdraw services as a result of Jushi operating in an industry that is illegal under U.S. federal law.

Jushi's involvement in the U.S. cannabis market may subject the Company to heightened scrutiny by regulators, stock exchanges, clearing agencies and other Canadian authorities. There are a number of significant risks associated with the business of Jushi. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on Jushi's ability to operate in the U.S. or any other jurisdiction. See the section titled "*Risk Factors*" of this document for additional information on this risk.

On February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352 (Revised) – Issuers with U.S. Marijuana-Related Activities ("Staff Notice 51-352"), which provides specific disclosure expectations for issuers that currently have, or are in the process of developing, cannabis-related activities in the U.S. as permitted within a particular State's regulatory framework. All issuers with U.S. cannabis-related activities are expected to clearly and prominently disclose certain prescribed information in prospectus filings and other required disclosure documents.

Please see the section titled "Risks Related to Jushi and its Businesses" for further information on the material facts, risks, and uncertainties related to U.S. Issuers with cannabis- and hemp-related activities.

Caution Concerning Forward-Looking Statements

This document may contain "forward-looking information" within the meaning of applicable securities laws, including Canadian securities laws and U.S. securities laws. 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 us 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 which may cause the actual results, 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 contracts with third party service providers; risks related to the enforceability of contracts; the limited operating history of Jushi; 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 financing activities including leverage and issuing additional securities; risks relating to the management of growth; increased costs associated with the Jushi becoming a publicly traded company; 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; cybersecurity risks; ability and constraints on marketing products; fraudulent activity by employees, contractors and consultants; tax and insurance related risks; risks related to the economy generally; 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 future acquisitions or dispositions; sales by existing shareholders; the limited market for securities of the Company; as well as limited research and data relating to cannabis. 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.

OVERVIEW OF THE COMPANY

Key Developments

RTO completed – June 6, 2019

In connection with the RTO, Tanzania:

1. Completed a consolidation of its common shares on the basis of one consolidated common share for 22.75711 existing common shares;

2. Amended the rights and restrictions of the existing class of common shares and re-designating such class as Class B subordinate voting shares, deleted the existing class of preferred shares and created a new class of Class C multiple voting shares and a new class of Class A super voting shares, such that an unlimited number of each class of shares are authorized to be issued without par value;

3. Changed its name from “Tanzania Minerals Corp.” to “Jushi Holdings Inc.”

Prior to the RTO, Jushi Acquisition Corp. (“Jushi Acquisition”), a special purpose corporation, completed a brokered and non-brokered private placement of 24,800,098 subscription receipts at a price of US$2.75 for aggregate gross proceeds of US$68,200,270. As part of closing the RTO, the holders of Subscription Receipts received Subordinate Voting Shares of the Company on a one-for-one basis.

After the completion of the RTO (including the conversion of the Subscription Receipts issued under the SR Offering into Subordinate Voting Shares, which occurred prior to the closing of the RTO), there was 82,758,266 Subordinate Voting Shares outstanding, with:

a. The current holders of Tanzania Shares holding 413,266 Subordinate Voting Shares (on a post-consolidation basis), representing approximately 0.5% of the issued and outstanding Subordinate Voting Shares;

b. The holders of Jushi Shares (including from the conversion of the Subscription Receipts to Jushi Acquisition Shares on the Escrow Release Date) holding 82,345,000 Subordinate Voting Shares, representing approximately 99.5% of the issued and outstanding Subordinate Voting Shares.

In completing the RTO, the Company, 1207713 B.C. Ltd. (“Subco”) and Jushi Acquisition entered into a merger agreement, in respect of an amalgamation of Jushi Acquisition and Subco to form Amalco, which was wholly owned by the Company and was subsequently dissolved. Jushi, Jushi Merger Sub, Inc. (“Merger Sub”) and the Company entered into a merger agreement in respect of a merger of Jushi with Merger Sub, whereby the shareholders of Jushi were issued Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares of the Company, with Jushi Inc. becoming a wholly-owned subsidiary of the Company and the Company owning 100% of the shares of Jushi.

The Condensed Interim Consolidated Financial Statements as of June 30, 2019, include the completion of the RTO. Jushi, the continuing entity for accounting purposes, is considered to have acquired the assets and liabilities of Tanzania through a capital transaction. As the acquirer for accounting purposes, Tanzania's net assets are included in Jushi's consolidated statements of financial position at their carrying values.

A Filing Statement with information about Jushi prepared in accordance with the policies of the NEO is available on SEDAR at www.sedar.com and was filed on June 5, 2019.

Jushi Holdings Inc. began trading June 10, 2019 on the Neo Exchange Inc. (the "NEO") under the symbol "JUSH.B".

Description of Business

Jushi was formed to engage globally in the business of cultivation, manufacturing, distribution and retail of both medical and adult-use products derived from cannabis and hemp. Jushi and its industry-leading management team is an integrated multi-state owner and operator of cannabis licenses across the United States. Jushi is focused on continuing to build a diverse multi-state portfolio of branded cannabis and hemp assets through opportunistic investments and by internally pursuing licenses in attractive jurisdictions.

As of August 14, 2019, Jushi has the following cannabis and hemp related businesses:

Pennsylvania:

(i) Acquired 100% equity ownership in Franklin Bioscience – Penn LLC and its subsidiaries, holding collectively four permits allowing for 12 medical marijuana dispensaries in Pennsylvania, of which two were operational at closing under the Beyond/Hello brand, two more which have opened since closing, with a further four expected to be operational by the end of 2019, with remaining stores to be open in 2020.

(ii) A further agreement with a permitholder which, following acquisition, would take the Company's subsidiary-held allowable dispensary count to 15, the current maximum allowable number of dispensaries that can be held by one company or its affiliates in Pennsylvania.

California:

(iii) Definitive agreements signed to acquire three different adult-use and medicinal dispensaries in limited license jurisdictions within California; all of which are subject to state and local regulatory approvals with anticipated closings in 2019 or early 2020.

(iv) Approval to move forward in the merit-based application process as one of the three selected applicants for a storefront retail (and ancillary delivery) permit in Culver City, California (a limited license jurisdiction).

Virginia:

(v) Signed definitive agreements to acquire 62% membership interests in Dalitso LLC, currently one of five applicants to receive conditional approval for a permit to cultivate and process medical cannabis, and to dispense and deliver CBD oil and THC-A oil extracts in the northeast region of Virginia, a limited license jurisdiction.

(vi) With Jushi's financial support, Dalitso is developing a facility in Prince William County near the City of Manassas.

Nevada:

(vii) Jushi's wholly-owned subsidiary received authorization to enter the greater Las Vegas, Nevada market under a management services agreement with Franklin Bioscience NV, LLC ("FBS Nevada"). Pursuant to the transaction, Jushi has also completed the purchase of the real estate associated with FBS Nevada's facility in North Las Vegas, Nevada.

(viii) Production Excellence has also entered into a purchase agreement to acquire 100% equity ownership of FBS Nevada which holds medical and adult-use cannabis cultivation, processing and distribution licenses. Additionally, the Nevada Department of Agriculture issued FBS Nevada a Hemp Handler license.

Midwest:

(ix) Jushi's wholly-owned subsidiary entered into a management services agreement with a provisionally licensed medical marijuana processor in Ohio. As part of the relationship, Jushi will provide ongoing management and consulting services to the processor, including financial assistance and pre-operational support.

(x) Jushi has entered into definitive documents to acquire two licensed medical cannabis dispensaries in the Midwest, subject to closing conditions including regulatory approval from the state.

New York:

(xi) Awarded Industrial Hemp CBD Processor License by the New York State Department of Agriculture and Markets through Jushi's wholly-owned subsidiary, Sound Wellness, LLC.

(xii) Planning is in progress to construct and operate a GMP certified industrial hemp processing, manufacturing and finished products facility in Buffalo, NY with approximately 65,000 square feet.

Other Highlights from the three months ended June 30, 2019

Sound Wellness - First Store Opening – June 3, 2019

The opening of the first retail location of Jushi's hemp subsidiary Sound Wellness Holdings, Inc. ("Sound Wellness") occurred on June 3, 2019.

This first store is a CBD specialty retail concept located within the Dent Neurologic Institute in Amherst, NY. Sound Wellness products are physician-formulated with phytocannabinoid-rich oil derived from the highest quality hemp plants. The initial product line consists of tinctures, soft gel capsules and topical lotions. Later this year, Sound Wellness plans to add a unique, hemp-derived CBD lozenge as well as a transdermal patch to the product line. Sound Wellness CBD stores will also selectively carry other high-quality CBD products from other suppliers that exemplify the company's vision and culture.

Sound Wellness' mission is to build an integrated global community founded on the shared principles of wellness, mindfulness and connections, through the distribution of superior quality hemp-derived products.

The Clinic IP Acquisition – June 10, 2019

The Company acquired intellectual property from HMS, LLC, Joseph "Max" Cohen and Emily Cohen, and their affiliated entities including The Clinic Consulting Services™, The Bank™ and The Lab™ and hired its award-winning operations team. The Clinic's™ expertise as an integrated operator and cannabis industry pioneer with sophisticated intellectual property, key performance measurements and standard operating procedures will complement the Company's expanding platform.

The Clinic Consulting Services™ contains trademarks, trade secrets and other proprietary intellectual information related to cannabis brands, while The Bank™ contains intellectual property to cultivation and genetics of over 150 different strains. The Lab's™ intellectual property consists of proprietary concentrates and extraction techniques.

As part of this transaction, the founder, Max Cohen, also joined Jushi as a board director and Chief Operating Officer as well as several key high-profile members of his team who have significant operational experience in the Colorado marketplace. A few key strategic hires include Emily Cohen, VP of New Market Development, who now leads Jushi's license application efforts; Ryan Cook, EVP of Operations, who oversees Jushi's day-to-day operations; and Kim Eastman, VP of Manufacturing Operations, who oversees Jushi's extraction and manufacturing processes.

Ohio – June 2019

Jushi's wholly-owned subsidiary entered into an operational and consulting relationship with a provisionally licensed medical marijuana processor. As part of the relationship, Jushi will provide ongoing management and consulting services to the processor, including financial assistance and pre-operational support. As of June 30, 2019, the State of Ohio's Medical Marijuana Control Program published that there were over 48,000 registered patients, an increase from 31,000 as of April 30, 2019. With a population of over 11.6 million, Ohio is the seventh largest state in the country and it is estimated that the medical market size within the state will reach approximately $300 million by 2022.

Recent Developments

Franklin Bioscience Pennsylvania Acquisition Completed – July 11, 2019

The Company closed on its acquisition of all of the membership interests in Franklin Bioscience – Penn LLC and its subsidiaries Franklin Bioscience – NE, LLC, Franklin Bioscience – SE, LLC and Franklin Bioscience – SW, LLC, which together hold one Phase I and three Phase II dispensary permits issued by the Pennsylvania Department of Health's Medical Marijuana Program.

This acquisition includes 100% ownership of the membership interests in four medical marijuana dispensary entities, with each of the entities being allowed to open three separate locations – totaling 12. Currently, the retail dispensary brand, "Beyond/Hello", has four operational dispensaries in Bristol, Johnstown, Philadelphia, and Scranton, PA. They are strategically located near key traffic areas in order to best serve the patients in these areas.

The retail locations throughout Pennsylvania that are covered by the permits are:

- Southeast Region (Philadelphia area): allowing for six stores total
- Northeast Region (Scranton area): allowing for three stores total
- Southwest Region (Pittsburgh area): allowing for three stores total

The regional locations of the planned facilities are among the most densely populated areas of Pennsylvania. Three of the four permits allow for facilities in major metropolitan markets, Philadelphia and Pittsburgh, which together account for approximately 15% of the Pennsylvania's total population. Pennsylvania is the fifth largest state in the country with approximately 13 million residents, operating with a high barrier of entry and limited number of medical marijuana permits. Pennsylvania's medical cannabis market is expected to become one of the largest markets in the U.S. In the first year that the program was operational, 2018, the Commonwealth generated over $132 million in total sales, and is estimated to increase to over $360 million by 2022 according to Arcview Market Research. Pennsylvania has a relatively robust list of 23 conditions which qualify patients for medical marijuana, including anxiety disorders and severe chronic pain.

San Diego Acquisition Agreement Signed – July 4, 2019

The Company signed a definitive agreement to acquire its first operational adult-use and medicinal dispensary in San Diego.

California has nearly 40 million residents and the longest-running medical cannabis program in the country. San Diego is the second largest city in California with a population of approximately 1.4 million and over 35 million visitors each year. San Diego is also a limited license market with a maximum of 36 total retail cannabis licenses divided among nine council districts. To date, 17 retail cannabis licenses have been issued in the city by the California Bureau of Cannabis Control.

Jushi has signed a definitive agreement to purchase seventy-five percent (75%) equity and voting interest in the San Diego dispensary, subject to working capital and other customary adjustments. The purchase price is approximately $12 million, of which 50% is paid in cash and 50% is paid by way of issuance of certain 8% secured notes (the "Notes") to the sellers maturing after 18 months, and convertible at the option of the holders on or prior to the maturity date into Subordinate Voting Shares of the Company (the "Shares"), at a conversion price based on a specified historical volume weighted average trading price of the Shares on the NEO, subject to a minimum of $2.30 and a maximum of $2.875 per Share. The Notes will be issued subject to certain escrow provisions. Closing of the transaction is subject to regulatory and other customary closing conditions and is scheduled to be completed in the third or fourth quarter of 2019.

Virginia Acquisition Agreement Signed – July 8, 2019

The Company signed definitive agreements to acquire the majority of the membership interests in Dalitso LLC ("Dalitso").

Dalitso is currently one of only five applicants to receive conditional approval for a permit issued by the Virginia Board of Pharmacy to cultivate and process medical cannabis, and to dispense and deliver CBD oil and THC-A oil extracts in Virginia. Dalitso's conditional approval is for the northeast region of Virginia, and the Company is developing a facility in Prince William County near the City of Manassas.

With a population of 8.5 million according to the U.S. Census Bureau, Virginia expanded its medical cannabis program in 2018, enabling more residents than ever before to purchase medical cannabis in a variety of formulas. Dalitso has received conditional approval to operate within the Virginia Board of Pharmacy-designated Health Service Area II, which includes two of Virginia’s most densely populated counties, Fairfax and Prince William, with 2.4 million people or approximately 28% of the state’s total population according to World Population Review.

Franklin Bioscience Nevada – Management Services Agreement – July 25, 2019

The Company’s subsidiary Production Excellence, LLC (“Production Excellence”) received local City of North Las Vegas authorization to enter the greater Las Vegas, Nevada market under a management services agreement with Franklin Bioscience NV, LLC (“Franklin Bioscience Nevada”). Pursuant to the transaction, Jushi purchased the real estate associated with Franklin Bioscience Nevada’s facility in North Las Vegas, Nevada.

Production Excellence entered into a purchase agreement to acquire 100% equity ownership of Franklin Bioscience Nevada, subject to state and local approvals. An application for change of ownership has already been submitted with the State of Nevada Department of Taxation and is pending.

Franklin Bioscience Nevada holds medical and adult-use cannabis cultivation, processing and distribution licenses issued by the Nevada Department of Taxation and currently operates cultivation, production and distribution facilities in North Las Vegas, Nevada. It is expected that closing of the equity acquisition will occur during the second half of 2019, subject to receipt of applicable regulatory approvals.

The facilities acquired include two adjacent buildings with cultivation, manufacturing and distribution capabilities. The buildings may be combined and expanded further. Additionally, the Nevada Department of Agriculture issued

Franklin Bioscience Nevada a Hemp Handler license. The award-winning operations team from The Clinic™, Jushi's recently closed acquisition, will leverage its expertise with assisting Franklin Bioscience Nevada in building similar facilities to lead the expansion in Nevada.

Las Vegas is one of the most visited cities in the world with approximately 42 million visitors annually and approximately three million residents, according to the Las Vegas Convention and Visitors Authority. Statewide, revenue for medical and adult-use cannabis, and cannabis-related tangible goods are expected to reach approximately $800 million by 2022, according to Arcview Market Research and BDS Analytics.

Culver City Application Update – July 26, 2019

The Company's subsidiary has been selected to move forward in the merit-based application process for a Cannabis storefront retail (and ancillary delivery) permit in Culver City, California. The Company will proceed by preparing a conditional use permit application for submission to the city.

The Company intends to build a ground-up structure approximately 500 feet away from Interstate 405 at the corner of Venice and Sepulveda Boulevards. The 3800 Sepulveda Boulevard location provides convenient access to the residents of Culver City and adjacent City of Los Angeles, a premier opportunity for retail and delivery operations.

Culver City is surrounded by the City of Los Angeles, centrally located on the West side near Santa Monica, Beverly Hills and the Los Angeles International Airport. Culver City is particularly known for its growing high-tech and creative economies, and a dynamic downtown that is regionally known as a destination for restaurants, live theater and art galleries.

Minority Investment in Gloucester Street Capital, LLC ("GSC") – August 8, 2019

In February 2018, Jushi purchased for cash a 16.5% stake in GSC, the parent company of a New York state licensed cannabis operator, Valley Agriceuticals, LLC. In October 2018, GSC executed definitive agreements to sell 100% of the company to Cresco Labs Inc. ("Cresco"). On August 8, 2019, Cresco announced that it received regulatory approval for the acquisition and expects to close the acquisition by the end of August. The Company expects to see a gain in the sale of their minority stake in the third quarter of 2019. GSC is a private company with limited public information.

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. To date, the Company's revenue has been derived from investments, U.S. cannabis operations, and U.S. hemp operations. For a regulatory overview of the states in which we operate or currently plan to operate in as well as information about the risks associated with U.S. cannabis operations, please review the Company's Filing Statement (filed on June 5, 2019) filed under the Company's profile on SEDAR.

Corporate Outlook and Strategy

Funds

Jushi has successfully raised over $135 million in the last 18 months and is currently closing acquisitions and investments in Cannabis and Hemp assets in the U.S. as well as considering strategic opportunities in Europe. Even with closing on significant assets since July 1, 2019, Jushi remains well-capitalized with over $48 million cash and short-term investments. The Company will continue its deployment of funds into purchases of assets and/or investments in the businesses acquired. Jushi anticipates incurring certain costs in connection with pursuing its objectives and will consider future sources of capital as necessary to capitalize on emerging opportunities in this fast-evolving market.

Applications

Jushi is actively seeking additional avenues of growth in its existing markets and additional key markets. Currently Jushi is also either evaluating, preparing to enter or has submitted applications, for municipal cannabis licenses in California (including Culver City, Imperial Beach, Marina, Martinez and Pomona), Florida, Maryland, Michigan, Missouri, New Jersey and New York, and the Canadian Province of Ontario.

Growth Strategy

Jushi intends to implement its growth strategy by acquiring cannabis assets (through direct cash purchases, equity exchanges or loans), applying for de novo licenses, and/or providing management services to attractive target companies. When Jushi purchases existing operators, it will seek to improve and scale operations.

To achieve its goals, Jushi's business strategy is to evaluate each market pursuant to the relevant local regulations to decide whether, and how, to allocate capital. In certain markets, Jushi may seek to apply a capital light or retail-focused strategy, especially where cultivation is expected to become further commoditized in future years (such as California). In early stage, vertical limited license markets (such as Florida or New York), Jushi may seek to buy controlling interests despite the high level of capital intensity required, given the significant market opportunity. In addition, in other markets Jushi may seek a more balanced capital allocation approach where it may buy manufacturers and buy retail dispensaries, which Jushi contemplates in recreational markets such as Colorado, Massachusetts, Nevada and Oregon. By establishing a strong platform and brand recognition in the most influential markets, Jushi expects to be well-positioned to have a first mover advantage for future growth in adult-use cannabis once it is further legalized.

Jushi plans a three-pronged strategy of improving on local brands, through purchases of successful local operators, introducing new branded products based on market demand, and to capitalize on the equity of its medical and adult-use brands Beyond/Hello™, The Clinic™ , The Bank™, and The Lab™ by expanding them into new markets. The Company's hemp-derived physician formulated CBD products are also in development and new branding is expected to launch in Fall of 2019.

Discussion of Operations

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six Months Ended June 30, 2019	January 23, 2018 (inception date) to June 30, 2018
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	$ 226,390	$ 117,262	$ 607,079	$ 129,571
Gross Profit	213,956	117,262	594,645	129,571
Net loss	(11,842,839)	(1,295,166)	(17,797,656)	(12,214,673)
Net loss per share	$ (0.17)	$ (0.04)	$ (0.29)	$ (0.36)
Cash and cash equivantents	86,735,344	40,433,479	86,735,344	40,433,479
Short term investments	1,253,345	224,927	1,253,345	224,927

The Company's net loss for the three and six months ended June 30, 2019, was $11,842,839 and $17,797,656 compared to a net loss of $1,295,166 and $12,214,673 in the same period of the prior year. The Company's basic loss per share for the three and six months ended June 30, 2019, was $0.17 and $0.29 compared to a basic loss per share of $0.04 and $0.36 in the same periods of the prior year.

The net loss was primarily due to:

- RTO expense of $4.6 million for the six months ended June 30, 2019 (compared to $Nil in the six months ended June 30, 2018);
- Deal costs and professional services $5.0 million for the six months ended June 30, 2019 (compared to $1.1 million in the six months ended June 30, 2018);
- Salaries and wages $4.2 million for the six months ended June 30, 2019 (compared to $0.5 million in the six months ended June 30, 2018);
- Share-based expense of $1.9 million for the six months ended June 30, 2019 (compared to $1.8 million in the six months ended June 30, 2018);
- Depreciation and amortization $0.4 million for the six months ended June 30, 2019 (compared to $0.1 million in the six months ended June 30, 2018);

Liquidity and Capital Resources

The Company had cash of $86.7 million, short term investments of $1.25 million, total current assets of $101.2 million and current liabilities of $5.8 million as at June 30, 2019. The Company therefore had net working capital of $95.4 million.

The Company believes at this time that there is sufficient liquidity to execute on its business plan and satisfy the commitments made to date. The Company expects it will have negative operating cashflow while it executes on its business plan through the start-up phase and integration of acquisitions as they close.

The Company may contemplate further financings over the next twelve months depending on market conditions and the potential for additional strategic investments opportunities that may come available. There is no assurance that the Company will be successful in these endeavors.

Outstanding Share Data

At June 30, 2019, the Company had 85,784,265 Subordinate Voting Shares outstanding, 149,000 Super Voting Shares which carry 1,000 votes per share and are convertible into 100 Subordinate Voting Shares per share, 4,000,000 Multiple Voting Shares which carry 10 vote per share and are convertible into 1 Subordinate Voting Share per share, 58,558,270 warrants outstanding (on an as converted basis), 4,292,917 restricted stock awards (included in the Subordinate Voting Shares outstanding), and 8,981,333 stock options outstanding. On July 31, 2019 the Company had 89,157,207 common shares outstanding, 149,000 Super Voting Shares, 4,000,000 Multiple Voting Shares, 58,342,510 warrants (on an as converted basis), 4,292,917 restricted stock awards (included in the Subordinate Voting Shares outstanding), and 8,981,333 stock options outstanding.

Off Balance Sheet Arrangements

As of the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

Commitment and Contingencies

Other than those commitments and contingencies disclosed in Note 14 and Note 17 to the June 2019 Financial Statements, the company has the following additional commitment disclosure noted below.

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 regulation as of June 30, 2019, 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.

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As at June 30, 2019, there were no pending or threatened lawsuits 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.

Related Party Transactions

Other than those described in Note 15 & Note 17 to the June 2019 Financial Statements, there are no additional related party transactions.

Accounting Policies, Critical Judgments and Estimates

The preparation of the Company's June 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. Summaries of the significant accounting policies applies, and significant judgements, estimates and assumptions made by management in the preparation of its financial statements are provided in Note 2 to the June 2019 Financial statements.

Controls and Procedures

Internal Control over financial reporting ("ICFR") is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable IFRS. Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports its files or submits under securities legislation is recorded, processed, summarized and reported on a timely basis and that such information is accumulated and reported to management, including the Company's Chief Executive Officer and the Chief Financial Officer, as appropriated, to allow required disclosures to be made in a timely fashion. Based on their evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that, as at June 30, 2019, the Company's disclosure controls and procedures were effective.

The Chief Executive Officer and the Chief Financial Officer of the Company have also evaluated whether there were changes to the Company's internal control over financial reporting during the three months ended June 30, 2019, that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting. There were no changes identified during their evaluation.

Risks Related to Jushi and its Businesses

U.S. federal law and enforcement of cannabis and hemp

Currently, all but four states have enacted laws to permit patients to access some form of cannabis for medical purposes. Thirteen of those states permit only the use of low-THC, high-CBD cannabis products. Thirty-three states have legalized medical cannabis (marijuana). Eleven states plus the District of Columbia also have laws that allow cannabis use by adults for non-medical purposes. Several other states are considering legalizing cannabis for medical or adult use purposes.

Conversely, under the CSA, the U.S. Government lists cannabis (marijuana) as a Schedule I controlled substance (i.e., deemed to have no medical value), and accordingly the manufacture (growth), sale, or possession of cannabis is federally illegal. It is also federally illegal to advertise the sale of cannabis or to sell paraphernalia designed or intended primarily for use with cannabis, unless the paraphernalia is authorized by federal, state, or local law. The U.S. Supreme Court ruled in *U.S. v. Oakland Cannabis Buyers' Coop.*, 532 U.S. 483 (2001), and *Gonzales v. Raich*, 545 U.S. 1 (2005), that the federal government has the right to regulate and criminalize cannabis, even for personal medical purposes.

Violations of any U.S. federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the U.S. federal government or private citizens, or criminal charges, including, but not limited to, significant penalties, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on Jushi, including its reputation and ability to conduct business, its holding (directly or indirectly) of medical cannabis licenses in the U.S., the listing of its securities on various stock exchanges, the settlement of trades of its securities, its ability to obtain banking services, its financial position, operating results, profitability or liquidity or the market price of publicly traded shares. In addition, it is difficult for Jushi to estimate the time or resources that would be needed for the investigation of any such matters or their final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

Under the Obama administration in 2013, the DOJ issued the Cole Memo, which gave U.S. Attorneys discretion not to enforce federal law in states with legalization regimes that adequately addressed the eight federal priorities of preventing: the distribution of cannabis to minors; revenue from the sale of cannabis from going to criminal enterprises, gangs, and cartels; the diversion of cannabis from states where it is legal under state law in some form to other states; state authorized cannabis activities from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity; violence and the use of firearms in the cultivation and distribution of cannabis; drugged driving and exacerbation of other adverse public health consequences associated with cannabis use; the growing of cannabis on public lands and the attendant public safety and environmental dangers posed by cannabis production on public lands; and cannabis possession or use on federal property. Noting that the DOJ was "committed to using it limited investigative and prosecutorial resources to address the most significant threat in the most effective, consistent, and rational way," the Cole Memo served "as guidance to the Department attorneys in law enforcement to focus their enforcement resources and efforts, including prosecution, on persons or organizations whose conduct interferes with any one or more of these priorities, regardless of state law."

On January 4, 2018, however, then as former Attorney General, Jeff Sessions rescinded the Cole Memo and other DOJ guidance on cannabis law enforcement. Sessions wrote that the CSA, the money laundering statues, and the Bank Secrecy Act "reflect Congress's determination that marijuana is a dangerous drug in that marijuana activity is a serious crime." Instead of following the Cole Memo guidance, "prosecutors should follow the well-established principles that govern all federal prosecutions… These principles require federal prosecutors deciding which cases to prosecute to weigh all relevant considerations, including federal law enforcement priorities set by the Attorney General, the seriousness of the crime, the deterrent effect of criminal prosecution, and the cumulative impact of particular crimes on the community." The ramifications of this change in policy are unclear. Since the Cole Memo was rescinded, however, U.S. Attorneys have taken no legal action against state law compliant entities. In addition, Sessions resigned and left the DOJ, and Attorney General nominee William Barr testified in his nomination and subsequently wrote that, as Attorney General, he would not seek to prosecute companies that relied on the Cole Memo and are complying with state law.

The current uncertainty about federal enforcement is more acute with respect to the state adult use programs because federal law currently precludes federal interference with the state medical cannabis programs. Starting in December 2014, Congress included in its omnibus spending bill the Rohrabacher-Farr amendment (subsequently known at the Rohrabacher-Blumenauer amendment, and now known as the Joyce amendment), which prohibits the DOJ and the Drug Enforcement Administration from using funds to interfere with state medical cannabis programs "to prevent…States from implementing their own State laws that authorize the use, distribution, possession, or cultivation of medical marijuana." Courts have interpreted the protection to preclude any prosecution against those in strict compliance with state medical cannabis laws. While the Joyce protection prevents prosecutions, it does not make cannabis legal. Accordingly, the U.S. Appellate Court for the Ninth Circuit noted in a footnote that, if the protection were lifted, the federal government could prosecute any conduct within the statute of limitations. In other words, if Congress does not renew the Joyce protection, the federal government could commence prosecuting cannabis companies for any activity occurring within the statute of limitations even if the Joyce protection was in place when the federally illegal activity occurred.

The Joyce protection depends on its continued inclusion in the federal omnibus spending bill, or inclusion in some other legislation, and entities' strict compliance with the state medical cannabis laws. That protection has been extended through the most recent spending bill.

Until Congress changes the law with respect to medical cannabis and particularly if the Congress does not extend the Joyce protection of state medical cannabis programs, there is a risk that federal authorities may enforce current federal cannabis law, and Jushi may be found to violate federal law by growing, processing, possessing, and selling cannabis, by possessing and selling drug paraphernalia, and by laundering the proceeds of the sale of cannabis or otherwise violating the money laundering laws or the Bank Secrecy Act. Active enforcement of the current federal regulatory position on cannabis may thus directly or indirectly adversely affect Jushi's revenues and profits.

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

Regardless of the federal government's criminal enforcement, federal prohibition otherwise can negatively affect businesses involved in the cannabis industry for several reasons including that: most banks refuse to serve cannabis companies, making banking and other financial transactions difficult; businesses trafficking in cannabis may not take tax deductions for costs beyond costs of goods sold under Section 280E of the Tax Code; cannabis businesses have restricted intellectual property rights particularly with respect to obtaining trademarks and enforcing patents; and cannabis businesses may face court action by third parties under the Racketeer Influenced and Corrupt Organizations Act. Any of these risks could make it difficult for Jushi to operate or could impact its profitability. In addition, cannabis businesses cannot avail themselves of federal bankruptcy protection and face fewer and generally more expensive options for insurance coverage.

Investors should understand that there is no guarantee that the current administration will not change federal enforcement policy or execution in the future. Additionally, any new administration or attorney general could change this policy and decide to enforce the federal laws more strongly. A change in the federal approach towards enforcement could negative affect the industry, potentially ending it entirely. Any such change in the federal government's enforcement of current federal laws could cause significant financial damage to Jushi. The legal uncertainty and possible future changes in law could negatively affect Jushi's existence, expansion plans, revenues, profits, and success generally.

Until recently, hemp (defined as Cannabis sativa L. with a THC concentration of not more than 0.3 percent on a dry weight basis) and hemp's extracts (except mature stalks, fiber produced from the stalks, oil or cake made from the seeds, and any other compound, manufacture, salt derivative, mixture, or preparation of such parts) were illegal Schedule I controlled substances under the CSA. The 2014 Farm Bill legalized the cultivation of industrial hemp for research under programs established by states. The majority of states established programs purportedly in compliance with the 2014 Farm Bill. Many industry participants and even states interpreted the law to include "research" into commercialization and commercial markets.

In December 2018, the U.S. government changed the legal status of hemp. The 2018 Farm Bill, removed hemp and extracts of hemp, including CBD, from the CSA schedules. Accordingly, the production, sale, and possession of hemp or extracts of hemp including CBD no longer violate the CSA. For hemp farmers and hemp product producers, the law expands banking options, expands IP protection and enforceability, decreases tax liabilities, and makes crop insurance available. The law also grandfathers 2014 Farm Bill industrial hemp research programs for at least one year.

Notably, the 2018 Farm Bill did not make hemp nationally legal and did not implement the legalization in permissive states. States can still prohibit hemp or limit hemp more stringently than the federal regulations will, although hemp may pass through all states, regardless of the particular state's law on growth and sales. The 2018 Farm Bill directs the USDA to create federal regulations and to set the framework for states to regulate their regulations. No timing for that has been set. Following the USDA issuing the draft regulations, there will be a notice and comment period for 30-180 days. For states choosing to permit and regulate hemp and hemp extracts, the state department of agriculture, in consultation with the state's governor and chief law enforcement officer, will devise a plan, which the USDA must approve. For states permitting, but opting out of regulating, hemp, the USDA must construct a regulatory program under which hemp cultivators must apply for licenses and comply with the federally run program. Federal requirements for producers will include maintaining information about land and procedures for testing THC levels and disposing of hemp or byproducts that exceed 0.3% THC. The consequences for negligent violations are fairly light. "Other violations" will be reported to the local U.S. Attorney and the state's chief law enforcement officer.

The section of the 2018 Farm Bill establishing a framework for hemp production also states explicitly that it does not affect or modify the FDCA, section 351 of the Public Health Service Act (addressing the regulation of biological products), the authority of the Commissioner of the FDA under those laws, or the Commissioner's authority to regulate hemp production under those laws.

Within hours of President Trump signing the 2018 Farm Bill, FDA Commissioner Scott Gottlieb, who subsequently and recently resigned from the FDA, issues a statement reminding the public of the FDA's continued authority "to regulate products containing cannabis or cannabis-derived compounds under the [FDCA] and section 351 of the Public Health Service Act." (Statement, dated Dec. 20, 2018, available at https://www.fda.gov/NewsEvents/Newsroom/PressAnnouncements/ucm628988.htm.) He continued: "additionally, it's unlawful under the FD&C Act to introduce food containing added CBD or THC into interstate commerce, or to market CBD or THC products, as, or in, dietary supplements, regardless of whether the substances are hemp-derived," because CBD had entered the FDA's jurisdiction when GW Pharmaceuticals submitted Sativex and Epidiolex, both containing CBD as an active ingredient, for testing.

The memo added that any cannabis product, whether derived from hemp or otherwise, marketed with a disease claim (e.g., therapeutic benefit, disease prevention) must be approved by the FDA for its intended use through one of the drug approval pathways prior to being introduced into interstate commerce. Notably, the FDA can look beyond the express claims to find that a product is a "drug." The definition of "drug" under the FDCA includes, in relevant part, "articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in man or other animals" as well as "articles intended for use as a component of [a drug as defined in the other sections of the definition]." 21 U.S.C. § 321(g)(1). In determining "intended use," FDA has traditionally looked well beyond a product's actual label to statements made on websites, on social media, or orally by representatives of the company. Gottlieb did acknowledge that hemp foods not containing CBD or THC are legal: hulled hemp seeds, hemp seed protein, hemp seed oil.

Notably, the FDA could take similar action on products with THC if the federal government ever similarly legalized cannabis.

Enforcement under the FDCA may be criminal or civil in nature and can include those who aid and abet a violation, or conspire to violate, the FDCA. Violations of the FDCA (21 U.S.C. § 331 (Prohibited acts)) are for first violations misdemeanors punishable by imprisonment up to one year or a fine or both and for second violations or violations committed with an "intent to defraud or mislead" felonies punishable by fines and imprisonment up to three years. 21 U.S.C. § 333(a). The fines provided for in 21 U.S.C. § 333(a) are low (US$1000 and US$3000), but under the Criminal Fine Improvements Act of 1987 the criminal fines can be increased significantly (approximately US$100,000-US$500,000). Civil remedies under the FDCA include civil money penalties (see, e.g., 21 U.S.C. §333(b)and (f)(2)A), 21 C.F.R. §17.1) , injunctions, and seizures (21 U.S.C §334). FDA also has a number of administrative remedies, e.g., warning letters, recalls, debarment. The FDA has limited its recent enforcement against companies selling CBD products to cease and desist letters with respect to false health claims or ingredient lists. In the recent statement, Commissioner Gottlieb indicated that the FDA will continue to focus enforcement on unapproved health claims (therapeutic benefit/disease claims).

U.S. border officials could deny entry into the U.S. to employees of, or investors in companies with cannabis operations in the U.S.

Since cannabis remains illegal under U.S. federal law, those employed at or investing in legal and licensed cannabis companies could face detention, denial of entry or lifetime bans from the U.S. for their business associations with U.S. cannabis businesses. Entry happens at the sole discretion of the U.S. Customs and Border Protection (the "CBP") officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a foreign national. The Government of Canada has started warning travelers on its website that previous use of cannabis, or any substance prohibited by U.S. federal laws, could mean denial of entry to the U.S. In addition, business or financial involvement in the legal cannabis industry in the U.S. could also be reason enough for U.S. border guards to deny entry. On September 21, 2018, the CBP released a statement outlining its current position with respect to enforcement of the laws of the U.S. It stated that the CBP enforcement of U.S. laws regarding controlled substances has not changed and because cannabis continues to be a controlled substance under U.S. law, working in or facilitating the proliferation of the legal cannabis industry in U.S. states where it is deemed legal may affect admissibility to the U.S. As a result, the CBP has affirmed that, a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada, coming to the U.S. for reasons unrelated to the cannabis industry, will generally be admissible to the U.S. However, if a traveler is found to be coming to the U.S. for reasons related to the cannabis industry, they may be deemed inadmissible.

Difficulty in accessing services of banks and/or other financial institutions

Financial transactions involving proceeds generated by cannabis-related conduct can form the basis for prosecution under the federal money laundering statutes, unlicensed money transmitter statute and the Bank Secrecy Act. Previous guidance issued by the FinCEN, a division of the U.S. Department of the Treasury, clarifies how financial institutions can provide services to cannabis-related businesses consistent with their obligations under the Bank Secrecy Act. Prior to the DOJ's announcement in January 2018 of the rescission of the Cole Memo and related memoranda, supplemental guidance from the DOJ directed federal prosecutors to consider the federal enforcement priorities enumerated in the Cole Memo when determining whether to charge institutions or individuals with any of the financial crimes described above based upon cannabis-related activity. It is unclear what impact the rescission of the Cole Memo will have, but federal prosecutors may increase enforcement activities against institutions or individuals that are conducting financial transactions related to cannabis activities. The increased uncertainty surrounding financial transactions related to cannabis activities may also result in financial institutions discontinuing services to the cannabis industry.

Consequently, those businesses involved in the regulated medical-use cannabis industry continue to encounter difficulty establishing banking relationships, which may increase over time. Jushi's inability to maintain its current bank accounts would make it difficult for Jushi to operate its businesses, increase its operating costs, and pose additional operational, logistical and security challenges and could result in its inability to implement its business plans.

Difficulty accessing public and private capital

While Jushi is not able to obtain bank financing in the U.S. or financing from other U.S. federally regulated entities, they currently have access to equity financing through the private markets in Canada and the U.S. Since the use of marijuana is illegal under U.S. federal law, and in light of concerns in the banking industry regarding money laundering and other federal financial crime related to marijuana, U.S. banks have been reluctant to accept deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty finding a bank willing to accept its business. Likewise, marijuana businesses have limited access, if any, to credit card processing services. As a result, marijuana businesses in the U.S. are largely cash-based. This complicates the implementation of financial controls and increases security issues.

Commercial banks, private equity firms and venture capital firms have approached the cannabis industry cautiously to date. However, there are increasing numbers of high net worth individuals and family offices that have made meaningful investments in companies and businesses similar to Jushi. Although there has been an increase in the amount of private financing available over the last several years, there is neither a broad nor deep pool of institutional capital that is available to cannabis license holders and license applicants. There can be no assurance that additional financing, if raised privately, will be available to Jushi when needed or on terms which are acceptable to Jushi. Jushi's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

Lack of access to U.S. bankruptcy protections

Because the use of medical cannabis is illegal under federal law, many courts have denied cannabis businesses bankruptcy protections, thus making it very difficult for lenders to recoup their investments in the cannabis industry in the event of a bankruptcy. If Jushi were to experience a bankruptcy, there is no guarantee that U.S. federal bankruptcy protections would be available to Jushi, which could have a material adverse effect on the financial condition and prospects of its businesses and on the rights of lenders to and securityholders of Jushi.

Risks related to heightened scrutiny by regulatory authorities

For the reasons set forth above, Jushi's existing operations in the U.S., and any future operations or investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada and the U.S. As a result, Jushi may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on Jushi's ability to operate or invest in the U.S. or any other jurisdiction, in addition to those restrictions described herein. It had been reported in Canada that the Canadian Depository for Securities Limited was considering a policy shift that would see its subsidiary, CDS, refuse to settle trades for cannabis issuers that have activities in the U.S. CDS is Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets. The TMX Group, the owner and operator of CDS, subsequently issued a statement on August 17, 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis related activities in the U.S., despite media reports to the contrary and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a MOU with the NEO, the Canadian Securities Exchange, the Toronto Stock Exchange, and the TSXV. The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the U.S. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers.

As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented at a time when the Subordinate Voting Shares or other securities of the Company are listed on a stock exchange, it would have a material adverse effect on the ability of holders of the Subordinate Voting Shares or such other securities to make and settle trades. In particular, the Subordinate Voting Shares or such other securities would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Subordinate Voting Shares or such other securities through the facilities of the applicable stock exchange.

Risks related to operating in a highly regulated industry

Some state requirements may prove to be excessively onerous or otherwise impracticable for Jushi to comply with, which may have the result of excluding such business opportunities from the list of possible qualifying transactions that Jushi would otherwise consider.

In addition, laws and regulations affecting the U.S. cannabis industry are continually changing, which could detrimentally affect the operations of Jushi. Local, state, and federal cannabis laws and regulations are broad in scope and subject to evolving interpretations, which could require Jushi to incur substantial costs associated with compliance or alter its business plan. In addition, violations of these laws, or allegations of such violations, could disrupt Jushi's businesses and result in material adverse effect on its operations.

Successful execution of Jushi's strategies are contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products, including maintaining and renewing all applicable licenses. The commercial cannabis industry is still a nascent industry, and Jushi cannot predict the impact of the compliance regime to which they will be subject. Similarly, Jushi cannot predict the time required to secure all appropriate regulatory approvals for any of its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain, regulatory approvals may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, financial condition and operating results of Jushi. Without limiting the foregoing, failure to comply with the requirements of any underlying licenses or any failure to maintain any underlying licenses would have a material adverse impact on the business, financial condition and operating results of Jushi. There can be no guarantees that any required licenses for the operation of our business will be extended or renewed in a timely manner, if at all, or that if they are extended or renewed, that the licenses will be extended or renewed on the same or similar terms.

Jushi will incur ongoing costs and obligations related to regulatory compliance, and such costs may prove to be material. Failure to comply with regulations may result in additional costs for corrective measures, penalties or restrictions on Jushi's operations. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to Jushi's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on Jushi.

Risks related to events or developments in the cannabis industry

Damage to Jushi's reputations could be the result of the actual or perceived occurrence of any number of events, and could include any negative publicity, whether true or not. Cannabis has often been associated with various other narcotics, violence and criminal activities, the risk of which is that Jushi's businesses may attract negative publicity. There is also risk that the action(s) of other participants, companies and service providers in the cannabis industry may negatively affect the reputation of the industry as a whole and thereby negatively impact the reputations of Jushi. The increased use of social media and other web-based tools used to generate, publish, and discuss user-generated content and to connect with other users has made it increasingly easier for individuals and groups to communicate and share opinions and views in regards to the cannabis companies and their activities, whether true or not and the cannabis industry in general, whether true or not. Jushi does not ultimately have direct control over how they or the cannabis industry is perceived by others. Reputation loss may result in decreased investor confidence, increased challenges in developing and maintaining community relations and an impediment to Jushi's overall abilities to advance its business strategy and realize on its growth prospects, thereby having a material adverse impact on Jushi.

Risks related to being deemed an investment company under the U.S. Investment Company Act

Jushi may be deemed an investment company under the Investment Company Act, as amended, and thus subject to regulation under such act, and maintenance of its exclusion or an exemption from such status may impose significant limits on its operations. Shareholders' investment return may be reduced if Jushi is required to register as an investment company under the Investment Company Act.

Jushi conducts its operations so that they are not deemed an investment company under the Investment Company Act, or, in the alternative, so that Jushi may rely on an exemption from registration as an investment company under the Investment Company Act. It is possible that Jushi may not be able to maintain the mix of assets, or other characteristics, necessary to qualify for an exclusion or exemption, and attempts to maintain such exclusions or exemptions, may impair, perhaps materially, its ability to pursue otherwise attractive investments. These rules are subject to change, and such changes may have an adverse impact on Jushi. In the future, Jushi may need to avail themselves of alternative exclusions and exemptions which may require a change in the organization structure of its businesses.

Failure to maintain its exclusion or an exemption would require Jushi to significantly restructure its investment strategies. For example, because affiliate transactions are generally prohibited under the Investment Company Act, Jushi would not be able to enter into transactions with any of its affiliates if it is required to register as an investment company, and Jushi might be required to terminate the management agreement and any other agreements with affiliates, which could have a material adverse effect on its ability to operate its businesses and pay distributions. If Jushi were required to register as investment companies but failed to do so, it would be prohibited from engaging in its businesses and could be subject to criminal and civil actions. In addition, Jushi's contracts would be unenforceable unless a court required enforcement, and a court could appoint a receiver to take control of Jushi and liquidate its businesses.

Risks related to negative publicity or consumer perception

The public's perception of cannabis may significantly impact the cannabis industry's success. Both the medical and adult use of cannabis are controversial topics, and there is no guarantee that future scientific research, publicity, regulations, medical opinion, and public opinion relating to cannabis will be favorable. The cannabis industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for medical and adult use cannabis is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion (whether or not accurate or with merit) relating to the consumption of cannabis, whether in the U.S. or internationally, may have a material adverse effect on Jushi's operational results, consumer bases, and financial results. Among other things, such a shift in public opinion could cause state jurisdictions to abandon initiatives or proposals to legalize medical cannabis, thereby limiting the number of new state jurisdictions into which Jushi could identify potential acquisition opportunities.

Risks related to relationships with third parties

The parties with which Jushi does business may perceive that they are exposed to reputational risk as a result of Jushi's cannabis-related business activities. Failure to establish or maintain business relationships due to reputational risk arising in connection with the nature of Jushi's businesses could have a material adverse effect on Jushi's businesses, financial conditions and results of operations.

Risks related to competition

Jushi faces intense competition in the cannabis industry, some of which can be expected to come from companies with longer operating histories and more financial resources, manufacturing and marketing experience than Jushi. In addition, there is potential that the cannabis industry will undergo consolidation, creating larger companies with financial resources and manufacturing and marketing capabilities and products that may sell better than those of Jushi. As a result of this competition, Jushi may be unable to maintain or develop its operations as currently proposed on terms they consider to be acceptable or at all. Increased competition by larger, better-financed competitors with geographic advantages could materially and adversely affect Jushi's businesses, financial conditions and results of operations.

Risks associated with insurance in the cannabis industry

While Jushi believe they will be able to acquire adequate insurance coverage, such insurance will be subject to coverage limits and exclusions and may not be available for all risks and hazards to which Jushi may be exposed. No assurance can be given that such insurance will be adequate to cover Jushi's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If Jushi were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if Jushi were to incur such liability at a time when it is not able to obtain liability insurance, they could be materially adversely affected.

There can be also no assurances that Jushi will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of any of Jushi's potential products.

Risks related to U.S. anti-money laundering laws and regulations

Investments in the U.S. cannabis business are subject to a variety of laws and regulations that involve money laundering, financial recordkeeping and proceeds of crime, including the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the USA PATRIOT Act, other anti-money laundering laws, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the U.S.

In February 2014, the U.S. Treasury Department FinCEN issued the FinCEN Memo providing guidance to banks seeking to provide services to cannabis-related businesses. The FinCEN Memo outlined circumstances under which banks may provide services to cannabis related businesses without risking prosecution for violation of the U.S. Bank Secrecy Act. It outlines due diligence and reporting requirements, which most banks have viewed as onerous. The Treasury Department has stated that the FinCEN Memo is current guidance but that the Department plans to issue revised guidelines on an unspecified future date.

In the event that any of Jushi's transactions, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such transactions in the U.S. were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of Jushi to declare or pay dividends or effect other distributions of funds.

Risks related to transportation

Jushi's businesses involve, directly or indirectly, the production, sale and distribution of cannabis products. Due to the perishable nature of such products, Jushi may depend on fast and efficient third-party transportation services to distribute its product. Any prolonged disruption of third-party transportation services could have an adverse effect on Jushi. Rising costs associated with the third-party transportation services which will be used by Jushi to ship its products may also adversely impact the business of Jushi.

Risks related to rising energy costs

Jushi's businesses involve, directly or indirectly, the production of cannabis products which will consume considerable energy, making Jushi vulnerable to rising energy costs. Rising or volatile energy costs may adversely impact the business of Jushi and its ability to operate profitably.

Risks related to the agricultural business

Jushi's businesses involve, directly or indirectly, the growing of cannabis, which is an agricultural product. As such, the businesses may be subject to the risks inherent in the agricultural business, such as insects, plant diseases, inclement weather and other natural disasters and similar agricultural risks. Even when grown indoors under climate-controlled conditions monitored by trained personnel, there can be no assurance that natural elements, such as insects and plant diseases, will not have a material adverse effect on the production of cannabis products and on Jushi.

Risks related to environmental regulations

Participants in the cannabis industry are subject to environmental regulation in the various jurisdictions in which they operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Jushi.

Risks related to government approvals and permits

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Jushi may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Risks related to differences in regulatory requirements across state jurisdictions

Traditional business rules may prove to be imperfect in the cannabis industry. For example, while it would be common for participants in the market to purchase companies in different states to reach economies of scale and to conduct business across state lines, that may not be feasible in the cannabis industry because of varying state-by-state legislation and the prohibition on cannabis passing over state lines. As no two regulated markets in the cannabis industry are exactly the same, doing business across state lines may not be possible or commercially practicable. As a result, Jushi may be limited to identifying opportunities in individual states, which may have the effect of slowing the growth prospects of Jushi.

Risks related to advertising and promotion

Jushi's future growth and profitability may depend on the effectiveness and efficiency of advertising and promotional costs, including its ability to (i) create brand recognition for any products they may develop or sell; (ii) determine appropriate advertising strategies, messages and media; and (iii) maintain acceptable operating margins on such costs. There can be no assurance that advertising and promotional costs will result in revenues for Jushi's businesses in the future or will generate awareness for any of Jushi's products. In addition, no assurance can be given that Jushi will be able to manage the advertising and promotional costs on a cost-effective basis.

The cannabis industry in the U.S., including both the medical and adult use cannabis markets, is in its early development stage and restrictions on advertising, marketing and branding of cannabis companies and products by various medical associations, governmental or quasi-governmental bodies or voluntary industry associations may adversely affect Jushi's ability to conduct sales and marketing activities and to create brand recognition, and could have a material adverse effect on Jushi's businesses.

Risks related to product liability regimes and strict product recall requirements

Jushi faces the risk of exposure to product liability claims, regulatory action and litigation if any of its businesses' products are alleged to have caused significant loss or injury. In addition, the sale of cannabis products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of cannabis products alone or in combination with other medications or substances could occur. Jushi may be subject to various product liability claims, including, among others, that specific cannabis products caused injury or illness, or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against Jushi could result in increased costs, could adversely affect our reputation with its clients and consumers generally, and could have a material adverse effect on Jushi.

In addition, manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. To the extent any products are recalled due to an alleged product defect or for any other reason, Jushi could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. Jushi may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Moreover, a recall for any of the foregoing reasons could lead to decreased demand and could have a material adverse effect on Jushi. Product recalls may lead to increased scrutiny of operations by applicable regulatory agencies, requiring further management attention and potential legal fees and other expenses.

Risks related to the development and sale of new products

The cannabis industry is in its early stages of development and Jushi, and their competitors, may seek to introduce new products in the future. In attempting to keep pace with any new market developments, Jushi may need to expend significant amounts of capital in order to successfully develop and generate revenues from new products introduced by Jushi. Jushi may also be required to obtain additional regulatory approvals from government agencies and any other applicable regulatory authorities, which may take significant amounts of time. Jushi may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on Jushi.

Risks related to intellectual property rights

The ownership and protection of intellectual property rights is a significant aspect of Jushi's future success. Jushi may rely on trade secrets, technical know-how and proprietary information that are not protected by patents to maintain our competitive position. Jushi will try to protect such intellectual property by entering into confidentiality agreements with parties that have access to it, such as our partners, collaborators, employees and consultants. Any of these parties may breach these agreements and we may not have adequate remedies for any specific breach. In addition, trade secrets and technical know-how, which are not protected by patents, may otherwise become known to or be independently developed by competitors, in which event we could be materially adversely affected.

Unauthorized parties may attempt to replicate or otherwise obtain and use Jushi's products, trade secrets, technical know-how and proprietary information. Policing the unauthorized use of Jushi's future intellectual property rights could be difficult, expensive, time-consuming and unpredictable, as may be enforcing these rights against unauthorized use by others. Identifying unauthorized use of intellectual property rights is difficult as Jushi may be unable to effectively monitor and evaluate the products being distributed by its competitors, including parties such as unlicensed dispensaries, and the processes used to produce such products. In addition, in any infringement proceeding, some or all of Jushi's future trademarks, patents or other intellectual property rights or other proprietary know-how, or arrangements or agreements seeking to protect the same for the benefit of Jushi, may be found invalid, unenforceable, anti-competitive or not infringed. An adverse result in any litigation or defense proceedings could put one or more of Jushi's future trademarks, patents or other intellectual property rights at risk of being invalidated or interpreted narrowly. Any or all of these events could materially and adversely affect the businesses, financial conditions and results of operations of Jushi.

In addition, other parties may claim that Jushi's products infringe on its proprietary and perhaps patent protected rights. Such claims, whether or not meritorious, may result in the expenditure of significant financial and managerial resources, legal fees, result in injunctions, temporary restraining orders and/or require the payment of damages. As well, Jushi may need to obtain licenses from third parties who allege that Jushi has infringed on its lawful rights. However, such licenses may not be available on terms acceptable to Jushi or at all. In addition, Jushi may not be able to obtain or utilize on terms that are favorable, or at all, licenses or other rights with respect to intellectual property that they do not own.

Risks related to information technology systems and cyber-attacks

Jushi's operations may depend, in part, on how well it and its suppliers protect networks, equipment, IT systems and software against damage from a number of threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. Jushi's operations may also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as preemptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of information systems could, depending on the nature of any such failure, adversely impact Jushi's reputations and results of operations. Jushi's risk and exposure to these matters cannot be fully mitigated because of, among other things, the evolving nature of these threats. As a result, cyber security and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage or unauthorized access may become a priority to ensure the ongoing success and security of the businesses. As cyber threats continue to evolve, Jushi may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Risks related to management of growth

Jushi may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of Jushi to manage growth effectively will require them to continue to implement and improve its operational and financial systems and to expand, train, and manage its employee base. The inability of Jushi to deal with this growth may have a material adverse effect on Jushi.

Risks associated with limited resources and competition for business opportunities

Jushi has and expects to continue to encounter intense competition from other entities with similar business objectives, including other private investors, pension funds and private equity firms, prospective special purpose acquisition corporations and other entities, domestic and international, competing for the types of businesses Jushi intend to acquire. Many of these individuals and entities are well-established and have significant experience identifying and effecting, directly or indirectly, investments in companies operating in or providing services to various industries. Some of these competitors may possess greater technical, human and other resources and Jushi's financial resources will be relatively limited when contrasted with those of many of its competitors. While Jushi believes there are numerous target businesses and assets to potentially acquire, Jushi's ability to compete with respect to the opportunities in certain target businesses that are sizeable will be limited by its available financial resources.

Risks related to opportunities outside of management's area of expertise

Jushi may be presented with a target in a sector unfamiliar to its management team, but may determine that such candidate offers an attractive opportunity for Jushi. In the event Jushi elect to pursue an opportunity outside of its management's expertise, Jushi's management's experience may not be directly applicable to the target business or its evaluation of its operations.

Risks related to evaluating prospective target businesses

Although Jushi has identified specific criteria and guidelines for evaluating prospective target businesses, it is possible that a target business with which Jushi enters into a transaction will not have all of these positive attributes. If Jushi consummates a transaction with a target that does not meet some or all of these guidelines, such transaction may not be as successful in a business that does meet all of Jushi's general criteria and guidelines.

Risks related to researching transactions that are not consummated

Jushi anticipates that the investigation of each specific target business and the negotiation, drafting, and execution of relevant agreements, disclosure documents, and other instruments will require substantial management time and attention and substantial costs for accountants, attorneys and other experts. If Jushi decides not to complete a specific transaction, the costs incurred up to that point for the proposed transaction likely would not be recoverable. Furthermore, if Jushi reaches an agreement relating to a specific target business, Jushi may fail to consummate the transaction for any number of reasons, including those beyond its control. Any such event will result in a losses to Jushi of the related costs incurred which could materially adversely affect subsequent attempts to locate and acquire or merge with another business.

Risks related to loss of officers and directors

Jushi's operations are dependent upon a relatively small group of individuals and, in particular, its officers and directors. Jushi believe that its success will depend on the continued service of its officers and directors. In addition, Jushi's officers and directors are not required to commit any specified amount of time to Jushi'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. Jushi do 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 Jushi, its operations and its ability to make acquisitions.

Risks related to conflicts of interest

Jushi engages in the business of identifying and combining with one or more businesses. Jushi's officers and directors may now be, or may in the future become, affiliated with entities that are engaged in a similar business.

Jushi's officers and directors also may become aware of business opportunities which may be appropriate for presentation to Jushi and the other entities to which it owes duties. In the course of its other business activities, Jushi's officers and directors may owe similar or other duties, and may have obligations, to other entities or pursuant to other outside business arrangements, including seeking and presenting investment and business opportunities. Accordingly, they may have conflicts of interest in determining to which entity a particular business opportunity should be presented. These conflicts may not be resolved in Jushi's favor, as Jushi's officers and directors are not required to present investment and business opportunities to Jushi in priority to other entities with which they are affiliated or to which they owe duties.

Jushi have not adopted a policy that expressly prohibits its directors, officers, security holders, affiliates or associates from having a direct or indirect financial interest in any investment to be acquired or disposed of by Jushi or in any transaction to which it is a party or has an interest. In fact, even though it is not Jushi’s current intentions to do so, they may enter into a transaction with a target business that is affiliated with Jushi’s directors or officers.

Risks related to scientific research

Research in Canada, the U.S. and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids remains in early stages. To Jushi’s knowledge, there have been relatively few double-blind placebo-controlled clinical trials on the benefits of cannabis or isolated cannabinoids. Any statements made in this document concerning cannabis’ or cannabinoids’ potential medical benefits are based on published articles and reports. As a result, any statements made in this document are subject to the experimental parameters, qualifications, assumptions and limitations in the studies that have been completed.

Although Jushi believes that the articles and reports, and details of research studies and clinical trials that are publicly available reasonably support its beliefs regarding the medical benefits, viability, safety, efficacy and dosing of cannabis, future research and clinical trials may prove such statements to be incorrect or could raise concerns regarding and perceptions relating to cannabis. Given these risks, uncertainties and assumptions, prospective investors should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions to those stated in this document or reach negative conclusions regarding the viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to medical cannabis, which could materially impact Jushi.

Results of future clinical research

Research regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Future research studies and clinical trials may reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to medical cannabis, which could have a material adverse effect on the demand for Jushi’s products with the potential to lead to a material adverse effect on Jushi’s business, financial condition and results of operations.

Reliable data on the medical cannabis industry is not available

As a result of recent and ongoing regulatory and policy changes in the medical cannabis industry, the market data available is limited and unreliable. Federal and state laws prevent widespread participation and hinder market research. Therefore, market research and projections by Jushi of estimated total retail sales, demographics, demand, and similar consumer research, are based on assumptions from limited and unreliable market data, and generally represent the personal opinions of Jushi’s management team as of the applicable date of such research and projections.

Risks related to key personnel and employees

The success of Jushi are currently largely dependent on the performance of its current management team (collectively, “Key Persons”). Jushi’s future success depend on its continuing ability to attract, develop, motivate and retain highly qualified and skilled employees. Qualified individuals are in high demand, and Jushi may incur significant costs to attract and retain them. In addition, Jushi’s lean management structures may be strained as Jushi pursue growth opportunities in the future. The loss of the services of a Key Person, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on Jushi's ability to execute on its business plan and strategy, and Jushi may be unable to find adequate replacements on a timely basis, or at all.

Key Persons may be subject to applicable security clearances by regulatory agencies. Security clearances are valid for a limited period of time and must subsequently be renewed. There is no assurance that any of Jushi's personnel who may in the future require a security clearance will be able to obtain or renew such clearances, or that new personnel who require a security clearance will be able to obtain one. A failure by a Key Person to maintain or renew his or her security clearance could result in a material adverse effect on Jushi's businesses, financial conditions and results of operations. In addition, if a Key Person leaves Jushi and it is unable to find a suitable replacement that has the requisite security clearance in a timely manner, or at all, such delay or failure could result in a material adverse effect on Jushi.

Limited Operating History

Jushi is an early stage company having been founded in 2018 and as a result, Jushi lacks an operating history. Investors have no basis upon which to evaluate Jushi's ability to achieve its business objectives. For Jushi to meet future operating requirements, Jushi will need to be successful in completing acquisitions, developing acquired licenses, growing retail footprint as well as marketing and sales efforts. In addition, where Jushi experiences increased sales and growth via acquisition, Jushi's current operational infrastructure may require changes to scale Jushi's businesses efficiently and effectively to keep pace with demand and achieve long-term profitability. If Jushi's products and services are not accepted by new customers, Jushi's operating results may be materially and adversely affected.

U.S. tax classification of the Company

The Company, is a Canadian corporation and is expected to be, classified for U.S. federal income tax purposes as a U.S. corporation under Section 7874 of the Code. Section 7874 of the Code contains rules that can cause a non-U.S. corporation to be taxed as a U.S. corporation for U.S. federal income tax purposes. Under section 7874 of the Code, a corporation created or organized outside the U.S. (i.e., a non-U.S. corporation) will nevertheless be treated as a U.S. corporation for U.S. federal income tax purposes if each of the following three conditions is met: (i) the non-U.S. corporation acquires, directly or indirectly, or is treated as acquiring under applicable U.S. Treasury Regulations, substantially all of the assets held, directly or indirectly, by a U.S. corporation or U.S. trade or business; (ii) after the acquisition, the former stockholders of the acquired U.S. corporation hold at least 80% (by vote or value) of the shares of the non-U.S. corporation by reason of holding shares of the U.S. acquired corporation, trade or business; and (iii) after the acquisition, the non-U.S. corporation's expanded affiliated group does not have substantial business activities in the non-U.S. corporation's country of organization or incorporation when compared to the expanded affiliated group's total business activities.

It is expected that the Company will be treated as a U.S. corporation for U.S. federal income tax purposes under section 7874 of the Code and will, as a result, be subject to U.S. federal income tax on its worldwide income. However, for Canadian tax purposes, the Company is expected, regardless of any application of section 7874 of the Code, to be treated as a Canadian resident company (as defined in the Tax Act) for Canadian income tax purposes. As a result, the Company will be subject to taxation both in Canada and the U.S., which could have a material adverse effect on its financial condition and results of operations. The Company may not qualify for certain U.S.-Canada income tax treaty benefits, which could have a material adverse effect on its financial condition and results of operations.

It is unlikely that the Company will pay any dividends on the Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares in the foreseeable future. However, dividends received by shareholders who are residents of Canada for purposes of the Tax Act will be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the Canada-U.S. tax treaty. In addition, a foreign tax credit or a deduction in respect of foreign taxes may be unavailable.

Dividends received by U.S. shareholders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. Dividends paid by the Company will be characterized as U.S. source income for purposes of the foreign tax credit rules under the Code. Accordingly, U.S. shareholders generally will not be able to claim a credit for any Canadian tax withheld unless, depending on the circumstances, they have an excess foreign tax credit limitation due to other foreign source income that is subject to a low or zero rate of foreign tax.

Dividends received by shareholders that are neither Canadian nor U.S. shareholders will be subject to U.S. withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to a shareholder of the Company, subject to examination of the relevant treaty.

Because the Subordinate Voting Shares, Multiple Voting Shares, and/or Super Voting Shares will be treated for U.S. tax purposes as shares of a U.S. domestic corporation, the U.S. gift, estate, and generation-skipping transfer tax rules generally apply to a non-U.S. shareholder of Subordinate Voting Shares, Multiple Voting Shares and/or Super Voting Shares.

EACH SHAREHOLDER SHOULD SEEK TAX ADVICE, BASED ON SUCH SHAREHOLDER'S PARTICULAR CIRCUMSTANCES, FROM AN INDEPENDENT TAX ADVISOR.

Risks related to restrictions on deductions of certain business expenses in accordance with 280E under U.S. tax laws

Section 280E of the U.S. Tax Code prohibits businesses trafficking in Schedule I or II controlled substances, including cannabis, even if legally under state law, from claiming tax deductions beyond costs of goods sold. Accordingly, Section 280E generally causes such businesses to pay higher effective U.S. federal tax rates than businesses in other industries. Jushi Inc and the Company expect to be subject to Code Section 280E. The application of Code Section 280E to Jushi Inc and the Company may adversely affect Jushi Inc and the Company's profitability and, in fact, may cause Jushi Inc and the Company to operate at a post-tax loss. While recent legislative proposals, if enacted into law, could eliminate or diminish the application of Code Section 280E to cannabis businesses, the enactment of any such law is uncertain.

Risks related to tax consequences

While the Company expects to undertake any merger or acquisition so as to minimize taxes both to the acquired business and/or asset and the Company, such a transaction might not meet the statutory requirements of a tax-deferred rollover for the Company or for its shareholders. A transaction that does not qualify for a tax-deferred rollover could result in the imposition of substantial taxes and may have other adverse tax consequences to the Company and/or its shareholders.

Risks related to Founder voting control

As a result of the Super Voting Shares that James Cacioppo, Erich Mauff and Louis Jonathan Barack (the "Founders") collectively hold they have the ability to control the outcome of all matters submitted to the Company's shareholders for approval, including the election and removal of directors and any arrangement or sale of all or substantially all of the assets of the Company. If James Cacioppo, Erich Mauff or Louis Jonathan Barack's employment with the Company is terminated or they resign from their positions with the Company, they will continue to have the ability to exercise the same significant voting power.

The concentrated control through the Super Voting Shares could delay, defer, or prevent a change of control of the Company, arrangement involving the Company or sale of all or substantially all of the assets of the Company that their other shareholders support. Conversely, this concentrated control could allow the Founders to consummate such a transaction that the Company's other shareholders do not support. In addition, the Founders may make long-term strategic investment decisions and take risks that may not be successful and may seriously harm the Company's business.

As proposed directors and officers of the Company, the Founders 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 Company Board. As board members and officers, the Founders will owe a fiduciary duty to the Company's shareholders and will be 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, Erich Mauff 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 unpredictability caused by anticipated capital structure and Founder voting control

Although other Canadian-based companies have dual class or multiple voting share structures, given the unique capital structure contemplated in respect of the Company and the concentration of voting control that is anticipated to be held by the Founders, the Company is not able to predict whether this structure and control will result in a lower trading price for or greater fluctuations in the trading price of the Subordinate Voting Shares or will result in adverse publicity to the Company or other adverse consequences.

Risks related to additional financing

The Company may require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing to fund on-going operations, capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon the Company's business, results of operations, financial condition or prospects.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Subordinate Voting Shares.

Depending on the available of traditional banking services to the Company, the Company may enter into one or more credit facilities with one or more lenders in order to finance the acquisition of the Company's investments. It is anticipated that any such credit facility will contain a number of common covenants that, among other things, might restrict the ability of the Company to: (i) acquire or dispose of assets or businesses; (ii) incur additional indebtedness; (iii) make capital expenditures; (iv) make cash distributions; (v) create liens on assets; (vi) enter into leases, investments or acquisitions; (vii) engage in mergers or consolidations; or (viii) engage in certain transactions with affiliates, and otherwise restrict activities of the Company (including its ability to acquire additional investments, businesses or assets, certain changes of control and asset sale transactions) without the consent of the lenders. In addition, such a credit facility would likely require the Company to maintain specified financial ratios and comply with tests, including minimum interest coverage ratios, maximum leverage ratios, minimum net worth and minimum equity capitalization requirements. Such restrictions may limit the Company's ability to meet targeted returns and reduce the amount of cash available for investment. Moreover, the Company may incur indebtedness under credit facilities that bear interest at a variable rate. Economic conditions could result in higher interest rates, which could increase debt service requirements on variable rate debt and could reduce the amount of cash available for various Company purposes.

Risks of leverage

Jushi anticipates utilizing leverage in connection with the Company's investments in the form of secured or unsecured indebtedness. Although Jushi will seek to use leverage in a manner it believes is prudent, such leverage will increase the exposure of an investment to adverse economic factors such as downturns in the economy or deterioration in the condition of the investment. If the Company defaults on secured indebtedness, the lender may foreclose and the Company could lose its entire investment in the security of such loan. If the Company defaults on unsecured indebtedness, the terms of the loan may require the Company to repay the principal amount of the loan and any interest accrued thereon in addition to heavy penalties that may be imposed. Because the Company may engage in financings where several investments are cross-collateralized, multiple investments may be subject to the risk of loss. As a result, the Company could lose its interest in performing investments in the event such investments are cross-collateralized with poorly performing or nonperforming investments.

In addition to leveraging the Company investments, the Company may borrow funds in its own name for various purposes, and may withhold or apply from distributions amounts necessary to repay such borrowings. The interest expense and such other costs incurred in connection with such borrowings may not be recovered by income from investments purchased by the Company. If investments fail to cover the cost of such borrowings, the value of the investments held by the Company would decrease faster than if there had been no such borrowings. Additionally, if the investments fail to perform to expectation, the interests of investors in the Company could be subordinated to such leverage, which will compound any such adverse consequences.

Risks related to future acquisitions or dispositions

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Company's ongoing business; (ii) distraction of management; (iii) the Company may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (v) increasing the scope and complexity of the Company's operations; and (vi) loss or reduction of control over certain of the Company's assets.

The presence of one or more material liabilities of an acquired company that are unknown to the Company at the time of acquisition could have a material adverse effect on the business, results of operations, prospects and financial condition of the Company. A strategic transaction may result in a significant change in the nature of the Company's business, operations and strategy. In addition, the Company may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Company's operations.

Risks related to acquiring companies

The Company could incur additional transaction and integration related costs or other factors such as the failure to realize all of the benefits from such acquisitions. All of these factors could cause dilution to the Company's earnings per share or decrease or delay the anticipated accretive effect of the acquisition and cause a decrease in the market price of the Company's securities.

The Company may not be able to successfully integrate and combine the operations, personnel and technology infrastructure of any such acquired company with its existing operations. If integration is not managed successfully by the Company's management, the Company may experience interruptions in its business activities, deterioration in its employee and customer relationships, increased costs of integration and harm to its reputation, all of which could have a material adverse effect on the Company's business, financial condition and results of operations. The Company may experience difficulties in combining corporate cultures, maintaining employee morale and retaining key employees. The integration of any such acquired companies may also impose substantial demands on management. There is no assurance that these acquisitions will be successfully integrated in a timely manner.

Risks related to increased costs as a result of being a public company

As a public issuer, the Company is be 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. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations will increase the Company's legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on its personnel, systems and resources, which could adversely affect its business and financial condition.

In particular, as a result of the Business Combination, the Company has become subject to reporting and other obligations under applicable Canadian securities laws, including National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings, which requires annual management assessment of the effectiveness of the Company's internal controls over financial reporting. Effective internal controls, including financial reporting and disclosure controls and procedures, are necessary for the Company to provide reliable financial reports, to effectively reduce the risk of fraud and to operate successfully as a public company. These reporting and other obligations will place significant demands on the Company as well as on the Company's management, administrative, operational and accounting resources.

Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the Subordinate Voting Shares.

Certain remedies may be limited

The Company's governing documents may provide that the liability of the Company Board and its officers is eliminated to the fullest extent permitted under the laws of the Province of British Columbia. Thus, the Company and the shareholders of the Company may be prevented from recovering damages for alleged errors or omissions made by the members of the Company Board and its officers. The Company's governing documents may also provide that the Company will, to the fullest extent permitted by law, indemnify members of the Company Board and its officers for certain liabilities incurred by them by virtue of their acts on behalf of the Company.

Difficulty in enforcing judgments and effecting service of process on directors and officers

The directors and officers of the Company reside outside of Canada. Some or all of the assets of such persons may be located outside of Canada. Therefore, it may not be possible for Company shareholders to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for Company shareholders to effect service of process within Canada upon such persons.

Financial projections may prove materially inaccurate or incorrect

Any financial estimates, projections and other forward-looking information or statements included in this document were prepared by Jushi without the benefit of reliable historical industry information or other information customarily used in preparing such estimates, projections and other forward-looking information or statements. Such forward-looking information or statements are based on assumptions of future events that may or may not occur, which assumptions may not be disclosed in this document. Shareholders should inquire of the Company and become familiar with the assumptions underlying any estimates, projections or other forward-looking information or statements. Projections are inherently subject to varying degrees of uncertainty and their achievability depends on the timing and probability of a complex series of future events. There is no assurance that the assumptions upon which these projections are based will be realized. Actual results may differ materially from projected results for a number of reasons including increases in operation expenses, changes or shifts in regulatory rules, undiscovered and unanticipated adverse industry and economic conditions, and unanticipated competition. Accordingly, Shareholders should not rely on any projections to indicate the actual results the Company might achieve.

Market price volatility risks

The market price of the Subordinate Voting Shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Company, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the

Company, general economic conditions, legislative changes, and other events and factors outside of the Company's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Subordinate Voting Shares.

Sales by existing shareholders

Sales of a substantial number of Subordinate Voting Shares in the public market could occur at any time. These sales, or the market perception that the holders of a large number of Subordinate Voting Shares, could reduce the market price of the Subordinate Voting Shares. If this occurs and continues, it could impair the Company's ability to raise additional capital through the sale of securities.

Dividends

The Company has no earnings or dividend record, and does not anticipate paying any dividends on the Subordinate Voting Shares in the foreseeable future. Dividends paid by the Company would be subject to tax and, potentially, withholdings.

Limited market for securities

The Subordinate Voting Shares are listed on the NEO, however, there can be no assurance that an active and liquid market for the Subordinate Voting Shares will develop or be maintained and a Company securityholder may find it difficult to resell any securities of the Company.

An investment in the Company may be considered to be speculative, involves certain risks, and is suitable only for prospective purchasers who have sufficient financial means to bear such risks, who have substantial other assets to provide for current needs and future contingencies, and therefore have no need for immediate liquidity with respect to this investment, and who can withstand a possible total loss of this investment.

Currency Fluctuations

Due to the Company's intention to continue future operations outside Canada, the Company is expected to be exposed to significant currency fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. All or substantially all of the Company's revenue will be earned in US dollars, but a portion of its operating expenses are incurred in Canadian dollars. The Company does not have currency hedging arrangements in place and there is no expectation that the Company will put any currency hedging arrangements in place in the future. Fluctuations in the exchange rate between the US dollar and the Canadian dollar, may have a material adverse effect on the Company's business, financial position or results of operations.

Legality of contracts

Because the Company's contracts will involve cannabis, hemp and other activities that are not legal under U.S. federal law and in some jurisdictions, the Company may face difficulties in enforcing its contracts in U.S. federal and certain state courts.

Global financial conditions

Following the onset of the credit crisis in 2008, global financial conditions were characterized by extreme volatility and several major financial institutions either went into bankruptcy or were rescued by governmental authorities. While global financial conditions subsequently stabilized, there remains considerable risk in the system given the extraordinary measures adopted by government authorities to achieve that stability. Global financial conditions could suddenly and rapidly destabilize in response to future economic shocks, as government authorities may have limited resources to respond to future crises.

Future economic shocks may be precipitated by a number of causes, including a rise in the price of oil, geopolitical instability and natural disasters. Any sudden or rapid destabilization of global economic conditions could impact the Company’s ability to obtain equity or debt financing in the future on terms favorable to the Company. Additionally, any such occurrence could cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. Further, in such an event, the Company’s operations and financial condition could be adversely impacted.

Furthermore, general market, political and economic conditions, including, for example, inflation, interest and currency exchange rates, structural changes in the cannabis industry, supply and demand for commodities, political developments, legislative or regulatory changes, social or labor unrest and stock market trends will affect the Company’s operating environment and its operating costs, profit margins and share price. Any negative events in the global economy could have a material adverse effect on the Company’s business, financial condition, results of operations or prospects.