JUSHI HOLDINGS INC.

CANADIAN SECURITIES EXCHANGE FORM 2A

LISTING STATEMENT

DATED AS OF December 5, 2019

Jushi Holdings Inc. derives a substantial portion of its revenues from the cannabis industry in certain states of the United States, which industry is illegal under United States federal law. Jushi Holdings Inc. is directly involved (through its licensed subsidiaries) in the cannabis industry in the United States where local state laws permit such activities. Currently, its subsidiaries and managed entities are directly or indirectly engaged in the manufacture, possession, use, sale, distribution or branding of cannabis and/or hold licenses in the adult use and/or medicinal cannabis marketplace in the states of Nevada, Pennsylvania and Virginia, are seeking to operate in California and in states in the Midwest, and are in the application processes for municipal cannabis licenses in California, Missouri and New Jersey. Currently, its subsidiaries and managed entities are directly or indirectly engaged in the manufacture, possession, use, sale, distribution or branding of hemp in the United States.

The United States federal government regulates drugs through the *Controlled Substances Act* (21 U.S.C.§ 811), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. The United States Food and Drug Administration has not approved marijuana as a safe and effective drug for any indication.

In the United States, marijuana is largely regulated at the state level. State laws regulating cannabis are in direct conflict with the federal *Controlled Substances Act*, which makes cannabis use and possession federally illegal. Although certain states authorize medical or adult use cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and, in case of conflict between federal and state law, the federal law shall apply.

On January 4, 2018, former U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice specific to cannabis enforcement in the United States, including the Cole Memo (as defined herein). With the Cole Memo rescinded, U.S. federal prosecutors have been given discretion in determining whether to prosecute cannabis related violations of U.S. federal law, subject to budgetary constraints. On November 7, 2018, Mr. Sessions tendered his resignation as Attorney General at the request of President Donald Trump. Following Mr. Sessions' resignation, Matthew Whitaker began serving as Acting United States Attorney General, until February 14, 2019, when William Barr was appointed as the United States Attorney General. It is unclear what impact, if any, Mr. Sessions' resignation will have on U.S. federal government enforcement policy on marijuana.

There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the Controlled Substances Act with respect to medical and/or adult use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that U.S. federal authorities may enforce current U.S. federal law. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed Jushi Holdings Inc.'s results of operations, financial condition and prospects would be materially adversely affected. See "*Risk Factors – Risks Related to Business of Jushi – U.S. federal law and enforcement of cannabis and hemp*" for additional information on this risk.

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memo discussed above, on February 8, 2018, the Canadian Securities Administrators published a staff notice 51-352 (Revised) – *Issuers with U.S. Marijuana-Related Activities* ("Staff Notice 51-352") setting out the Canadian Securities Administrator's disclosure expectations for specific risks facing issuers with cannabis-related activities in the United States. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry.

Jushi Holdings Inc.'s involvement in the U.S. cannabis market may subject Jushi Holdings Inc. to heightened scrutiny by regulators, stock exchanges, clearing agencies and other U.S. and Canadian authorities. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on Jushi Holdings Inc.'s ability to operate in the U.S. or any other jurisdiction. There are a number of risks associated with the business of Jushi Holdings Inc. See without limitation, "*Risk Factors – Risks Related to Business of Jushi – U.S. federal law and enforcement of cannabis and hemp*", "*Risk Factors – Risks Related to Business of Jushi – 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.*", "*Risk Factors – Risks Related to Business of Jushi – Difficulty in accessing services of banks and/or other financial institutions*" and "*Risk Factors – Risks Related to Business of Jushi – Risks related to heightened scrutiny by regulatory authorities*".

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Cautionary Note Regarding Forward-Looking Information

This Listing Statement includes “forward-looking information” and “forward-looking statements” within the meaning of Canadian securities laws and United States securities laws. All information, other than statements of historical facts, included in this Listing Statement that address activities, events or developments that Jushi expects or anticipates will or may occur in the future is forward-looking information. Forward-looking information is often identified by the words “may”, “would”, “could”, “should”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “project”, “expect”, “target”, “continue”, “forecast”, “design”, “goal” or similar expressions and includes, among others, information regarding: statements relating to the business and future activities of, and developments related to, Jushi after the date of this Listing Statement, including such things as 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 or other possible acquisitions or dispositions (directly or indirectly) of businesses which may or may not be material and/or investment opportunities; the application for additional licenses and the grant of licenses that have been applied for; the renewal of licenses; the limitation on the ownership of licenses; the expansion into additional United States, Canadian 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 United States and the states in which Jushi operates; additional funding requirements; the payment of dividends; Jushi's listing on the Canadian Securities Exchange (the “CSE”) under the symbol “JUSH”; the grant of incentive stock options or other applicable awards; the payment of director compensation, the obtaining of customary insurance for the benefit of Jushi's directors; 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.

Jushi’s shareholders 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, but are not limited to: U.S. federal law and enforcement of cannabis and hemp; 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.; difficulty in accessing services of banks and/or other financial institutions; difficulty accessing public and private capital; limited operating history; financial projections may prove materially inaccurate or incorrect; lack of access to U.S. bankruptcy protections; heightened scrutiny by regulatory authorities; licensing and operating in a highly regulated industry; limitations on ownership of licenses; U.S. state regulatory uncertainty; any re-classification of cannabis or changes in U.S. controlled substance laws and regulations; events or developments in the cannabis industry; being deemed an investment company under the *U.S. Investment Company Act*; negative publicity or consumer perception; relationships with third parties; competition; insurance in the cannabis industry; U.S. anti-money laundering laws and regulations; transportation; rising energy costs; the agricultural business; environmental regulations; government approvals and permits; differences in regulatory requirements across state jurisdictions; advertising and promotion; product liability regimes and strict product recall requirements; the development and sale of new products; intellectual property rights; information technology systems and cyber-attacks; management of growth; limited resources and competition for business opportunities; opportunities outside of management’s area of expertise; evaluating prospective target businesses; researching transactions that are not consummated; loss of officers and directors; conflicts of interest; scientific research; results of future clinical research; reliable data on the medical cannabis industry is not available; key personnel and employees; U.S. tax classification of Jushi; restrictions on deductions of certain business expenses in accordance with 280E under U.S. tax laws; tax consequences; voting control; unpredictability caused by anticipated capital structure and voting control; leverage; future acquisitions or dispositions; costs and integration of acquiring companies; increased costs

as a result of being a public company; limitations of certain remedies; difficulty in enforcing judgments and effecting service of process on directors and officers; market price volatility; sales by existing shareholders; dividends; limited market for securities; currency fluctuations; legality of contracts; global financial conditions; as well as those risk factors discussed in Part 17 of this Listing Statement below and other risks described from time to time in documents filed by Jushi with Canadian securities regulatory authorities. 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.

In formulating the forward-looking statements contained herein, Jushi has assumed, without limitation, receipt of requisite regulatory approvals in a timely business, receipt and/or maintenance of required licenses and third party consents in a timely manner, successful integration of Jushi's and its subsidiaries' operations, and no unplanned materially adverse changes to its facilities, assets, customer base and the economic conditions affecting Jushi's current and proposed operations. These assumptions, although considered reasonable by Jushi at the time of preparation, may prove to be incorrect. In addition, Jushi has assumed that there will be no material adverse change to the current regulatory landscape affecting the cannabis and hemp industries, and has also assumed that Jushi will remain compliant in the future with all laws, regulations and rules imposed upon it by law.

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 Listing Statement and Jushi does not undertake any obligation to revise or update any forward-looking information or statements other than as required by applicable law.

Market and Industry Data

This Listing Statement includes market and industry data that has been obtained from third-party sources, including industry publications. The Company believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Company has not independently verified any of the data from third-party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

Currency

Unless otherwise indicated, all references to "$" or "US$" in this Listing Statement refer to United States dollars and all references to "C$" in this Listing Statement refer to Canadian dollars.

GLOSSARY

Unless the context otherwise requires or where otherwise provided, the following words and terms shall have the meanings set forth below when used in this Listing Statement.

"2018 Farm Bill" has the meaning ascribed to such term under Part 3 – *"General Development of the Business – Cannabis Industry Background and Trends – U.S. Industry Background and Trends".*

"Acquired Entity Awards" has the meaning ascribed to such term under Part 9 – *"Options to Purchase Securities – Equity Incentive Plan – Substitute Awards".*

"Acquired Entity" has the meaning ascribed to such term under Part 9 – *"Options to Purchase Securities – Equity Incentive Plan – Substitute Awards".*

"Agape" has the meaning ascribed to such term under Part 3 – *"General Development of the Business" - "Pending Acquisitions – Pennsylvania".*

"ATC" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Current U.S. Cannabis Market – New Jersey – New Jersey Regulatory Landscape".*

"Awards" has the meaning ascribed to such term under Part 9 – *"Options to Purchase Securities – Equity Incentive Plan — Purpose".*

"BCBCA" has the meaning ascribed to such term under Part 2 – *"Corporate Structure – Corporate Name and Head and Registered Office".*

"**Biomass**" has the meaning ascribed to such term under Part 4 – *"Narrative Description of the Business– General Business of the Company & Objectives – Principal Products and Services – Cultivation".*

"BOP" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Current U.S. Cannabis Market – Virginia – "Virginia Regulatory Landscape".*

"**Business Combination**" has the meaning ascribed to such term under Part 2 – "*Corporate Structure – Corporate Name and Head and Registered Office".*

"CAGR" has the meaning ascribed to such term under Part 3 – *"General Development of the Business – Current U.S. Cannabis Market".*

"Cash Severance" has the meaning ascribed to such term under Part 15 – *"Executive Compensation – Termination and Change of Control Benefits".*

"CBP" has the meaning ascribed to such term under Part 17– *"Risk Factors – Risks Related to the Business of Jushi" – U.S. Federal Law and Enforcement of Cannabis and Hemp".*

"CCA" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Current U.S. Cannabis Market – New York – New York Regulatory Landscape (Marijuana)".*

"CDS" has the meaning ascribed to such term under Part 17 – *"Risk Factors – Risks Related to Heightened Scrutiny by Regulatory Authorities".*

"Code" has the meaning ascribed to such term under Part 17 – *"Risk Factors – U.S. tax classification of the Company"*.

"Cole Memo" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Current U.S. Cannabis Market – Federal Regulatory Environment".*

"Company" or **"Jushi"** has the meaning ascribed to such term under Part 2 – *"Corporate Structure – Corporate Name and Head and Registered Office".*

"**Conversion Ratio**" has the meaning ascribed to such term under Part 10 – *"Description of the Securities – Multiple Voting Shares".*

"Cresco" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Pending Acquisitions – New York".*

"CSE" has the meaning ascribed to such term under Part 1 – *"Cautionary Note Regarding Forward-Looking Information".*

"Dalitso" has the meaning ascribed to such term under Part 3 – *"General Development of the Business" – Completed Acquisitions – Dalitso (Virginia)".*

"DEA" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Current U.S. Cannabis Market – Federal Regulatory Environment".*

"Definitive Agreement" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Completed Acquisition – Tanzania Minerals Corp.".*

"DOJ" has the meaning ascribed to such term under Part 17 – *"Risk Factors – Risks Related to the Business of Jushi – U.S. Federal Law and Enforcement of Cannabis and Hemp".*

"Equity Incentive Plan" has the meaning ascribed to such term under Part 9 – *"Options to Purchase Securities – Equity Incentive Plan".*

"FBS-Penn" has the meaning ascribed to such term under Part 3 – *"General Development of the Business" – Completed Acquisitions – Franklin Bioscience PA Acquisition (Pennsylvania)".*

"FDA" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Cannabis Industry Background and Trends – U.S. Industry Background and Trends".*

"Founders" has the meaning ascribed to such term under Part 17 – *"Risk Factors – Risks Related to Founder Voting Control".*

"Franklin Bioscience Nevada" has the meaning ascribed to such term under Part 3 – *"General Development of the Business – Pending Acquisitions – Nevada".*

"Gloucester" has the meaning ascribed to such term under Part 3 – *"General Development of the Business – Pending Acquisitions – New York*".

"Hemp Facility" has the meaning ascribed to such term under Part 4 – *"Narrative Description of the Business – General Business of the Company & Objectives – Principal Products and Services – Operations".*

"Hemp Processor License" has the meaning ascribed to such term under Part 3 – *"General Development of the Business – Current U.S. Cannabis Market – New York – New York License".*

"HMS" has the meaning ascribed to such term under Part 3 – *"General Development of the Business" – Completed Acquisitions – The Clinic IP Acquisition (Colorado)".*

"IDA" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Current U.S. Cannabis Market – Illinois – License and Regulations".*

"IDFPR" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Current U.S. Cannabis Market – Illinois – License and Regulations".*

"IDPH" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Current U.S. Cannabis Market – Illinois – License and Regulations".*

"IFRS" has the meaning ascribed to such term under Part 5 – "*Selected Consolidated Financial Information – Quarterly Information – IFRS*".

"IL Act" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Current U.S. Cannabis Market – Illinois – Illinois Regulatory Landscape".*

"IRS" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Current U.S. Cannabis Market – Federal Regulatory Environment".*

"ISOs" has the meaning ascribed to such term under Part 9 – *"Options to Purchase Securities – Equity Incentive Plan – Purpose".*

"Jushi" or **"Company"** has the meaning ascribed to such term under Part 2 – *"Corporate Structure – Corporate Name and Head and Registered Office".*

"Key Persons" has the meaning ascribed to such term under Part 17 – *"Risk Factors – Risks Related to Key Personnel and Employees".*

"METRC" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Current U.S. Cannabis Market – California – Reporting Requirements".*

"MSO" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Current U.S. Cannabis Market".*

"Multiple Voting Shares" has the meaning ascribed to such term under Part 10 – *"Description of the Securities – Description of Securities".*

"Neo Exchange" has the meaning ascribed to such term under Part 3 – *General Development of the Business - History".*

"NEOs" has the meaning ascribed to such term under Part 13 – *"Directors and Officers – Information Relating to Directors and Officers – Compensation Committee".*

"NJDOH" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Current U.S. Cannabis Market – New Jersey – New Jersey Regulatory Landscape".*

"NQSOs" has the meaning ascribed to such term under Part 9 – *"Options to Purchase Securities – Equity Incentive Plan – Purpose".*

"Notes" has the meaning ascribed to such term under Part 3 – *"General Development of the Business – Pending Acquisitions – San Diego (California)".*

"Odd Lot" has the meaning ascribed to such term under Part 10 – *"Description of the Securities – Subordinate Voting Shares".*

"OECA" has the meaning ascribed to such term under 20 – "*Interest of Management and Others in Material Transactions - Material Interest Disclosure*".

"OEMS" has the meaning ascribed to such term under 20 – "*Interest of Management and Others in Material Transactions - Material Interest Disclosure*".

"OEMS Services Agreement" has the meaning ascribed to such term under 20 – "*Interest of Management and Others in Material Transactions - Material Interest Disclosure*".

"OH MM Law" has the meaning ascribed to such term under Part 3 – *"General Development of the Business – Current U.S. Cannabis Market – Ohio – Ohio Regulatory Landscape".*

"OHBOP" has the meaning ascribed to such term under Part 3 – "*General Development of the Business - Current U.S. Cannabis Market – Ohio – Ohio Regulatory Landscape".*

"OHDOC" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Current U.S. Cannabis Market – Ohio – Ohio Regulatory Landscape".*

"PADOH" has the meaning ascribed to such term under Part 3 – *"General Development of the Business – U.S. Regulatory Environment – Pennsylvania – Pennsylvania Regulatory Landscape"*.

"PAMMA" has the meaning ascribed to such term under Part 3 – *"General Development of the Business – U.S. Regulatory Environment – Pennsylvania – Pennsylvania Regulatory Landscape"*.

"Participant" has the meaning ascribed to such term under Part 9 – *"Options to Purchase Securities – Equity Incentive Plan – Eligibility".*

"PMP" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Current U.S. Cannabis Market – Virginia – Virginia Regulatory Landscape".*

"Production Excellence" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Pending Acquisitions – Nevada".*

"Registered Premises" has the meaning ascribed to such term under Part 3 – *"General Development of the Business – New York – Storage and Security (Industrial Hemp)".*

"Rohrabacher/Blumenauer Amendment" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Current U.S. Cannabis Market – Federal Regulatory Environment".*

"RSUs" has the meaning ascribed to such term under Part 9 – *"Options to Purchase Securities – Equity Incentive Plan – Purpose"*.

"SAFE Act" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Cannabis Industry Background and Trends – U.S. Industry Background and Trends".*

"SAR" has the meaning ascribed to such term under Part 9 – *"Options to Purchase Securities – Equity Incentive Plan – Stock Appreciation Rights".*

"Seed-to-sale" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Current U.S. Cannabis Market – California – Reporting Requirements".*

"SFN" has the meaning ascribed to such term under Part 3 – *"General Development of the Business" – Completed Acquisitions – TGS National Holdings, LLC, its Subsidiaries and Affiliates".*

"Sound Wellness" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Pending Acquisitions – New York Hemp License".*

"Staff Notice 51-352" has the meaning ascribed to such term on the face page of this Listing Statement.

"STATES Act" has the meaning ascribed to such term under Part 3 – *"General Development of the Business" - "Cannabis Industry Background and Trends – U.S. Industry Background and Trends".*

"Subordinate Voting Shares" has the meaning ascribed to such term under Part 3 – *"General Development of the Business – History*".

"Subscription Receipts" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - History".*

"Super Voting Shares" has the meaning ascribed to such term under Part 10 – *"Description of the Securities – Description of Securities".*

"SW Retail Stores" has the meaning ascribed to such term under Part 4 – *"Narrative Description of the Business – General Business of the Company & Objectives – Principal Products and Services – Sales and Distribution".*

"T&T" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Current U.S. Cannabis Market – Reporting Requirements".*

"Tanzania" has the meaning ascribed to such term under Part 2 – *"Corporate Structure – Corporate Name and Head and Registered Office".*

"Tax Act" has the meaning ascribed to such term under Part 17 – *"Risk Factors – U.S. tax classification of the Company".*

"TGS National" has the meaning ascribed to such term under Part 3 – "*General Development of the Business – Completed Acquisition – TGS National Holdings, LLC, its Subsidiaries and Affiliates".*

"TGS National Principals" has the meaning ascribed to such term under Part 3 – "*General Development of the Business – Completed Acquisition – TGS National Holdings, LLC, its Subsidiaries and Affiliates".*

"TGSIH" has the meaning ascribed to such term under Part 19 – "*Legal Proceedings – Legal Proceedings & Regulatory Actions*".

"**United States**" or "**U.S.**" means the United States of America, its territories and possessions, any State of the United States and the District of Columbia.

"USDA" has the meaning ascribed to such term under Part 3 – *"General Development of the Business - Cannabis Industry Background and Trends – U.S. Industry Background and Trends".*

2. Corporate Structure

Corporate Name and Head and Registered Office

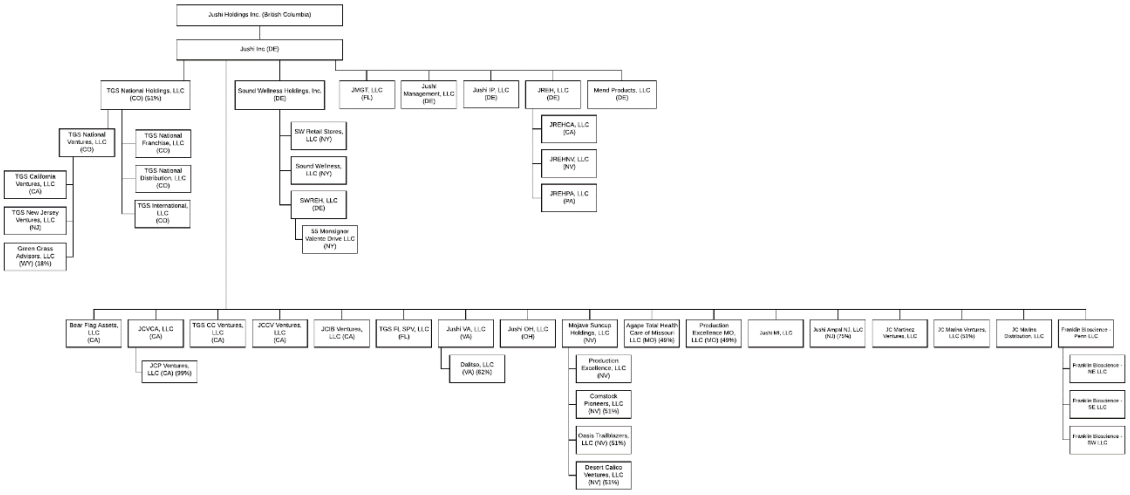
Jushi Holdings Inc. ("Jushi" or the "Company") (formerly Tanzania Minerals Corp. ("Tanzania") and before that, Hill Top Resources Corp.) is a globally focused, multi-state cannabis and hemp operator targeting retail, distribution, cultivation, and processing operations for both medical and adult use. Jushi's head office is located at 1800 NW Corporate Boulevard, Boca Raton, Florida, 33431, and registered address is located at Suite 1700, Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2X8.

Jushi is incorporated under British Columbia's *Business Corporations Act* ("BCBCA"). As of June 6, 2019, Jushi was formed through a reverse takeover transaction between Tanzania and Jushi Inc (the "Business Combination"). Tanzania was incorporated pursuant to the provisions of the BCBCA on June 29, 2007 under the name "Hill Top Resources Corp." Tanzania altered its notice of articles to change its name to "Tanzania Minerals Corp." on September 7, 2010. Tanzania changed its name to "Jushi Holdings Inc." following the Business Combination, which was completed on June 6, 2019.

Jushi Inc was formed on January 23, 2019 by filing a Certificate of Incorporate with the Secretary of State of the State of Delaware and is governed by amended and restated bylaws and a stockholders agreement dated February 13, 2018 and amended on March 19, 2019. Jushi Inc's head office is located by 1800 NW Corporate Boulevard, Boca Raton, Florida 33431, and registered address is located at 8 The Green, Suite A, Dover, Delaware 19901, care of a registered agent.

Organizational Chart of Jushi

The organizational chart of Jushi and its subsidiaries is set forth below. Unless otherwise noted, all lines represent 100% ownership of the outstanding securities of the applicable subsidiary.



3. General Development of the Business

History

Jushi was formed by way of the Business Combination between Jushi Inc, a Delaware-incorporated entity, and Tanzania, a British Columbia-incorporated entity, on June 6, 2019. A private placement (of 24,800,098 subscription receipts (each, a "Subscription Receipt") at a price of US$2.75 per Subscription Receipt for aggregate gross proceeds of approximately US$68,200,270) was completed in connection with the Business Combination that resulted in a reverse takeover of Tanzania by the security holders of Jushi Inc The reverse takeover was successfully completed on June 6, 2019 and Tanzania continued with the business of Jushi Inc under the name "Jushi Holdings Inc.". Jushi became the parent of Jushi Inc.

Jushi Inc was formed in early 2018 to engage globally in the business of cultivation, manufacturing, distribution and retail of both medical and adult use products derived from cannabis and hemp. Since its incorporation, Jushi Inc's (and by virtue of the Business Combination, Jushi's) strategic approach to its business has been to target large, adult use markets such as California, Colorado and Nevada, as well as limited license medical markets such as Illinois, New York, Ohio, Pennsylvania and Virginia. Jushi has adopted or purchased controlling interests in existing licenses as well as made applications for licenses directly.

Jushi currently has cannabis operations and/or holds, directly or indirectly, licenses in the adult use and/or medicinal cannabis marketplace in Nevada, Pennsylvania and Virginia, with ongoing expansion and build-out plans in California and in states in the Midwest. Jushi also has plans to expand to Europe.

Jushi operates a hemp/CBD business with operations in New York pursuant to hemp-CBD processor license issued by the state of New York. Jushi is also targeting retail sales of hemp-derived CBD in New York and other states.

The Neo Exchange Inc. (formerly, the Aequitas Neo Exchange Inc.) (the "Neo Exchange") approved the listing of subordinate voting shares of the Company (the "Subordinate Voting Shares") under the trading symbol "JUSH", which commenced on June 10, 2019.

Jushi remains well-capitalized with over US$29.5 million cash and short-term investments as of October 31, 2019.

Completed Acquisitions

Tanzania Minerals Corp.

Jushi Inc entered into a definitive agreement (the "Definitive Agreement") with Tanzania on November 2, 2018. The Definitive Agreement provided for a combination of the businesses of Tanzania and Jushi by way of the Business Combination. The Definitive Agreement resulted in the completion of a private placement of Subscription Receipts at a price of US$2.75 per Subscription Receipt, for gross proceeds of approximately US$68,200,270.

Franklin Bioscience PA Acquisition (Pennsylvania)

On July 10, 2019, Jushi Inc acquired all of the membership interests in Franklin Bioscience – Penn LLC ("FBS-Penn") 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, allowing for 12 medical marijuana dispensaries in the Commonwealth of Pennsylvania. The aggregate purchase price was approximately US$67 million, subject to working capital and other adjustments, and is payable by (i) approximately US$28 million in cash (in addition to which a $4 million advanced payment was paid in the second quarter of 2019), (ii) approximately US$28.1 million by way of certain 10% secured convertible notes due to the sellers, with principal payments, together with accrued interest through each such date, due in tranches with approximately US$10 million in principal plus interest paid due on September 30, 2019, and US$7.5 million due on March 9, 2020, US$5.0 million due on September 9, 2020 (subject to working capital adjustments) and the remaining balance due on March 9, 2021, and (iii) the issuance of approximately 3.38 million in Subordinate Voting Shares to the sellers. The existing retail dispensary brand, "Beyond/Hello", has five operational dispensaries located in Philadelphia, Bristol, Johnstown, and Scranton. Jushi indirectly acquired the "Beyond/Hello" brand and related intellectual property as part of its acquisition of FBS-Penn and its subsidiaries. Pursuant to, National Instrument 51-102 – *Continuous Disclosure Obligations*, a Business Acquisition Report was filed for FBS-Penn on September 23, 2019.

TGS National Holdings, LLC and its Subsidiaries and Affiliates

In February and March 2018, Jushi Inc acquired 51% of TGS National Holdings, LLC (and together with its subsidiaries including TGS National Franchise, LLC, collectively, "TGS National") from the principals of TGS National ("TGS National Principals"). TGS National is a franchisor and held franchise agreements with state-licensed cannabis operators. The majority of the franchisees have terminated their franchise agreements with TGS National, including Florida franchisee San Felasco Nurseries Inc. ("SFN"). Jushi and the TGS National Principals have signed an agreement, the terms of which are confidential, that subject to certain terms and conditions, will terminate the relationship.

See Part 19 – "*Legal Proceedings – Legal Proceedings & Regulatory Actions*" for a description of an ongoing legal proceeding involving Jushi Inc, related to the foregoing transactions.

The Clinic IP Acquisition (Colorado)

On June 7, 2019, Jushi Inc purchased the intellectual property and consulting agreements from HMS, LLC ("HMS") for a combination of US$4,115,000 in cash and US$5,885,000 worth of shares of Jushi Inc. Separately, Jushi Inc hired five (5) operations employees from The Clinic™. The intellectual property includes trademarks, trade secrets and other proprietary information related to cannabis brands including The Clinic Consulting Services™, The Bank™ and The Lab™. The Clinic Consulting Services™ contains trademarks, trade secrets, and other proprietary information related to cannabis brands, while The Bank™ consists of proprietary concentrates and extraction techniques. As part of these transactions, the founder of the target company, Max Cohen, also joined Jushi Inc as Chief Operating Officer and is a director of Jushi.

Dalitso LLC (Virginia)

On September 23, 2019, Jushi, through a wholly owned subsidiary, acquired approximately 62% of the membership interests in Dalitso LLC ("Dalitso"), which 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. The aggregate purchase price was approximately US$16 million and is payable as approximately US$7.8 million in cash, US$3.4 million in Subordinate Voting Shares at a closing date price of US$1.61 per share, approximately 1 million warrants to purchase Subordinate Voting Shares at a price of US$3.00 per share (expiring two years from issuance) and US$4.0 million in promissory notes comprised of (i) approximately US$2.7 million in 6% notes issued to the sellers maturing September 23, 2021 and convertible at the option of the holders on or prior to the maturity date into Subordinate Voting Shares at a conversion price of US$6.00 per share, and (ii) approximately US$1.3 million in 9% unsecured notes issued to certain sellers maturing September 23,

2021. As part of the transactions, the Company will also lend up to US$15 million to Dalitso in a 9% secured note to support the continued build-out, equipment purchase and other working capital needs.

Santa Barbara

On March 6, 2019, Jushi Inc purchased a commercial property located at 3516 State Street, Santa Barbara, California for US$3.1 million. The property includes a building with suitable retail space of approximately 3,900 square feet. Jushi agreed to develop and lease a portion of the property to GSG SBCA, Inc.

Midwest

Jushi Inc entered into a management services agreement with a provisionally licensed medical marijuana processor in the Midwest. As part of the relationship, Jushi will provide ongoing management and consulting services to the processor, including financial assistance and pre-operational support.

New York Hemp License

On March 5, 2019, Sound Wellness, LLC ("Sound Wellness"), a subsidiary of Jushi, received an industrial hemp-CBD processor license application from the state of New York. Sound Wellness' hemp-CBD processor license supports the Company's initiative to create product innovations centered around hemp.

New York

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 and owner of one of ten New York licensed medical cannabis operators. In October 2018, GSC executed definitive agreements to sell 100% of the company to Cresco Labs Inc. ("Cresco"). In October 2019, Jushi closed the sale of its 16.5% ownership interest in GSC. The approximate market value of the consideration received by Jushi for the sale of its 16.5% interest has a total value of approximately $15 million to $20 million, depending on the contingency payouts. The contingent consideration is tied to both performance of the Gloucester operations as well as development of the New York market. In October 2019, Jushi was issued 1,780 Cresco proportionate voting shares which convert into a total of 1,436,000 Cresco subordinate voting shares, 1,657 warrants for proportionate voting shares of Cresco which convert into 1,436,000 warrants for Cresco subordinate voting shares, received $134,000 of cash, and $5,222,500 of short-term secured notes, and is eligible to receive certain contingency payouts.

Pending Acquisitions

Pennsylvania

In September 2019, Jushi Inc signed a definitive agreement to acquire 80% of the economic and voting interests in Agape Total Health Care Inc ("Agape"). Agape received a provisional dispensary permit in Round II from the Pennsylvania Department of Health to open up to three (3) dispensaries to sell medical cannabis in the Philadelphia area. Related to this transaction, in February and March 2019, Jushi Inc's subsidiary purchased two (2) commercial properties in Reading and Pottsville, Pennsylvania, and agreed to develop and lease these properties to Agape. Closing of the transaction is subject to regulatory and other customary closing conditions and is scheduled to be completed in the fourth quarter of 2019 or the first quarter of 2020.

San Diego (California)

On July 2, 2019, Jushi, through a wholly-owned subsidiary, signed a definitive agreement to purchase a seventy-five percent (75%) equity and voting interest in a San Diego dispensary, subject to working capital

and other customary adjustments. 50% of the purchase price is intended to be paid in cash and 50% is intended to be 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, at a conversion price based on a specified historical volume weighted average trading price of the Subordinate Voting Shares on the principal exchange on which the Subordinate Voting Shares are listed**,** subject to a minimum of US$2.30 and a maximum of US$2.875 per Subordinate Voting 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 first half of 2020.

Nevada

Jushi, through its wholly-owned subsidiary Production Excellence, LLC ("Production Excellence"), has 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"). 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.

Jushi has also completed the purchase of the real estate associated with Franklin Bioscience Nevada's facility in North Las Vegas, Nevada. 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.

Production Excellence has also entered into a purchase agreement to acquire 100% equity ownership of Franklin Bioscience Nevada, subject to state and local approvals, pending which it has entered into a management services agreement. An application for change of ownership has already been submitted with the State of Nevada Department of Taxation and is pending. As consideration for the acquisition, Production Excellence paid for Franklin Bioscience NV, LLC's licenses and related real estate for an aggregate purchase price of US$9.3 million in a combination of US$6.7 million in cash and US$2.6 million in promissory and other notes. The closing is subject to receipt of applicable regulatory approvals.

Culver City

A wholly-owned subsidiary of Jushi has been selected to advance in the merit-based application process for one of three retail (and ancillary delivery) permits in Culver City, California. If a permit is secured, Jushi plans to build a ground-up structure (located approximately 500 feet away from an Interstate 405 exit) which would provide convenient access for retail and delivery.

Illinois Dispensaries

Pursuant to a confidential settlement agreement and subject to closing conditions, Jushi may acquire two licensed medical cannabis dispensaries in Illinois.

Malibu (California)

In February 2019, Jushi, through a wholly-owned subsidiary, entered into a membership issuance and acquisition of management agreement with a target company, pursuant to which it will, subject to the fulfilment of certain regulatory conditions, acquire control of the target company. The target company has the right to operate one (1) of only two (2) adult use retail cannabis dispensaries in Malibu. Prior to that, in October 2018, Jushi Inc, through its subsidiary, signed a lease giving it the right, subject to the fulfilment of certain regulatory conditions, to occupy approximately 3,000 square foot of space in a prime retail location

on Pacific Coast Highway in Malibu. It is expected that closing of the acquisition will occur in the 2020, subject to receipt of applicable regulatory approvals.

Santa Barbara (California)

On March 3, 2019, Jushi, through a wholly-owned subsidiary, entered into a securities purchase agreement to acquire 100% of a target company, subject to regulatory approval and the fulfilment of certain other conditions. In addition, Jushi closed on the acquisition of the associated real estate located in the City of Santa Barbara. The target company has the right to operate one (1) of only three (3) adult use cannabis dispensaries in the City of Santa Barbara. It is expected that closing of the acquisition will occur in the first quarter of 2020, subject to receipt of applicable regulatory approvals.

Other U.S. States

Jushi is also actively pursuing potential acquisitions in large, adult use markets such as California and Nevada, as well as limited license medical markets such as Illinois, New York, Ohio, Pennsylvania and Virginia. No binding agreements have been entered into at this time.

Europe

Jushi is in the process of forming a joint venture expected to be completed by the end of 2019 for the purpose of establishing cannabis operations in Europe.

Applications

In addition to the above pipeline transactions, Jushi is also currently in the application processes for municipal cannabis licenses in Marina, California, and with the states of Missouri and New Jersey.

Jushi is actively seeking additional acquisition opportunities in its existing markets and additional key markets. For additional information in respect of Jushi's strategy for U.S. and international expansion, see "*Part 4 – Narrative Description of the Business – Growth Strategy*" and "*Part 17– Risk Factors – Risks Relating to Jushi*".

None of the proposed transactions outlined above are with a Related Party (as defined in the CSE rules) of the Company.

Cannabis Industry Background and Trends

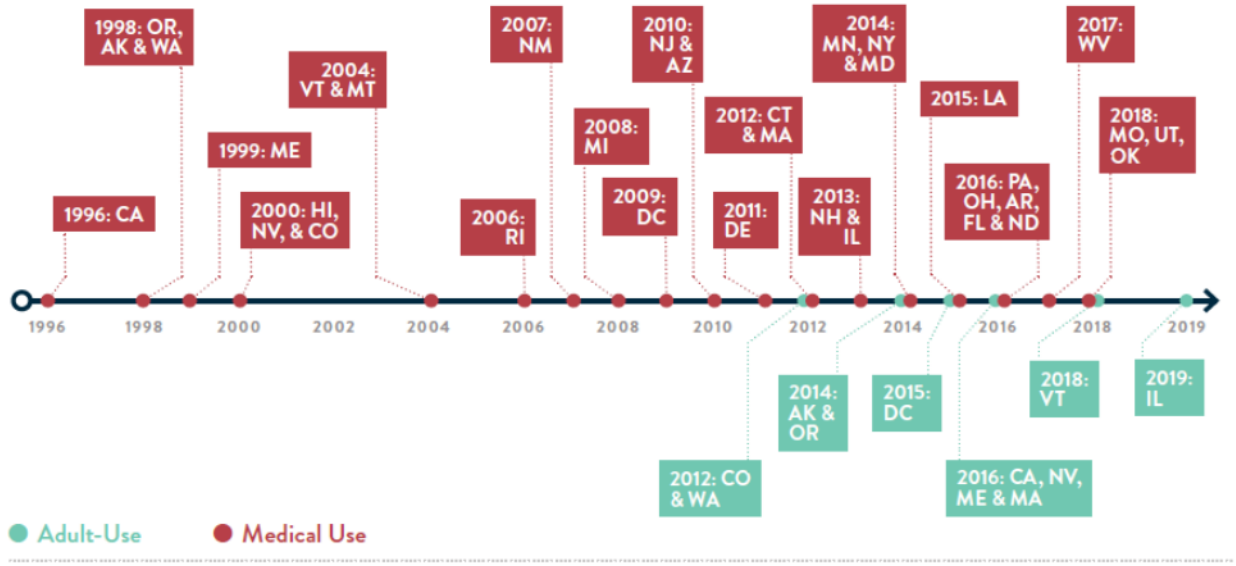
U.S. Industry Background and Trends

In the U.S., the legal cannabis market has seen enormous growth over the past several years. A number of major events have occurred that significantly impact both the legal cannabis market and the global hemp industry.

In 1996, California became the first U.S. state to legalize medicinal cannabis with the passage of Proposition 215. Since then, 32 more states, plus the District of Columbia, Guam, and Puerto Rico have legalized cannabis for medical use and 11 states plus the District of Columbia have legalized cannabis for personal or adult use.[1]

[1] New Frontier Data, "The US. Cannabis Report 2019 Industry Outlook."

Additionally, as many state medical markets continue to mature, it is increasingly apparent that access to cannabis for medicinal purpose is benefitting patients.[2] This issue has brought pressure on both state legislators and congress to ease restrictions on cannabis business at the state and federal level. As a result, 18 states are actively debating whether to legalize cannabis for medical or adult use in addition to several pieces of legislation introduced at the federal level.[3] These include the Strengthening the Tenth Amendment Through Entrusting States Act (the "STATES Act"), "420" bill or "Regulate Marijuana Like Alcohol Act" and the reintroduction of the "Marijuana Justice Act", a bill first introduced in 2017 by U.S. Senator Cory Booker, which now has the support of U.S. Senators Elizabeth Warren, Bernie Sanders, Kamala Harris and Kirsten Gillibrand.



Source: New Frontier Data, "The US. Cannabis Report 2019 Industry Outlook."

The STATES Act would essentially allow each state to legalize cannabis without hindrance or threat from the federal government – a bill which the President has indicated he would "probably" sign it if passed by congress. The "420" bill would remove cannabis from the CSA list of Schedule 1 substances and allow cannabis to be treated like other medical or consumer products. The "Marijuana Justice Act" would decriminalize marijuana at the federal level and leverage federal funds to encourage states to legalize cannabis.[4] [5] [6]

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[2] National Academies of Sciences, Engineering, and Medicine (2017). *The health effects of cannabis and cannabinoids: Current state of evidence and recommendations for research.* Washington, DC: The National Academies Press.

[3] New Frontier Data, "The US. Cannabis Report 2019 Industry Outlook."

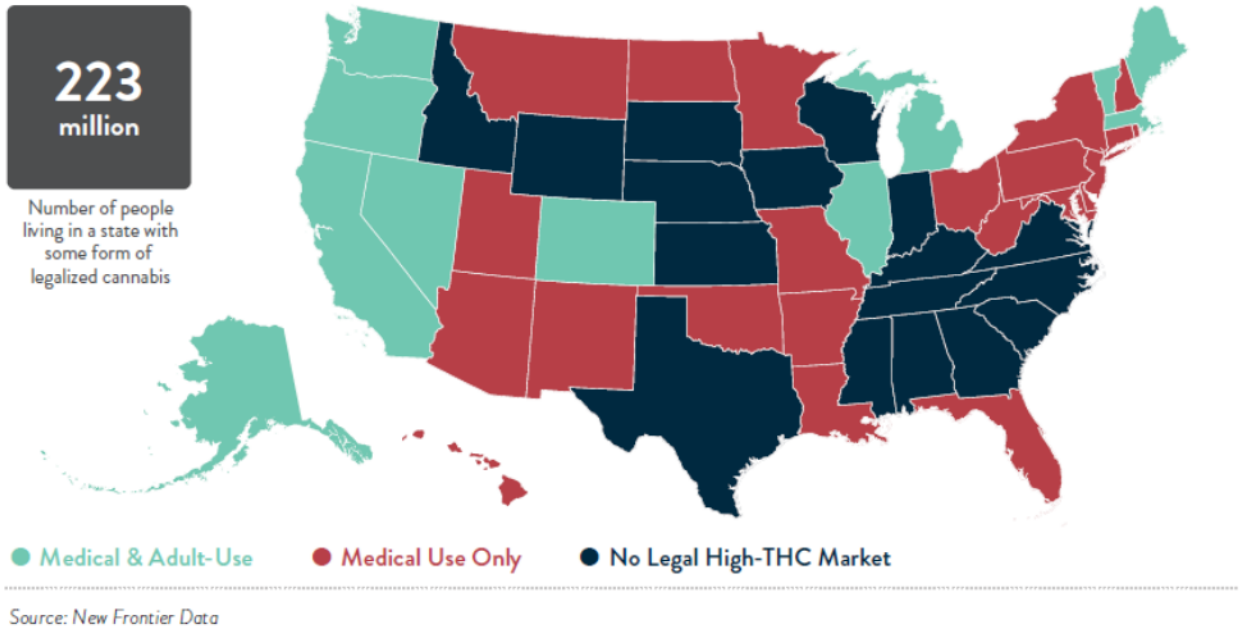
[4] Adams, Mike. (January 14, 2019). Cannabis Advocates Will Learn Sooner Rather Than Later How Congress Will Handle Marijuana. Retrieved from https://www.forbes.com/sites/mikeadams/2019/01/14/cannabis-advocates-will-learn-sooner-ratherthan-later-how-congress-will-handle-marijuana/#3e18eaf77122.

[5] Legal Information Institute. 21 U.S. Code § 812. The CSA currently defines Schedule I drugs as, "drugs with no currently accepted medical use and a high potential for abuse." Retrieved from https://www.law.cornell.edu/uscode/text/21/812.

[6] Lopez, German. (March 5, 2019). Marijuana Legalization is Winning the 2020 Democratic Primaries. Retrieved from https://www.vox.com/policy-and-politics/2019/3/5/18250374/marijuana-legalization-2020-president-campaign

In addition to legislation to legalize, decriminalize or reschedule cannabis, legislation such as the Secure and Fair Enforcement Banking Act (the "SAFE Act") has been introduced into Congress. The SAFE Act would prevent federal regulators from terminating or limiting deposit insurance of a federal financial institution solely because it provided services to a legal cannabis company. The SAFE Act would open a channel for banks and credit unions to begin working with licensed and legitimate cannabis companies. On September 25, 2019 the U.S. House of Representatives voted to pass the SAFE Act by a vote of 321 to 103. [7] A companion bill is currently being considered in the U.S. Senate, where Senate Banking Chairman Mike Crapo noted that he believes "there will be good support for it." [8]

Despite the fact there is currently no defined pathway to federal legalization of cannabis in the U.S., the adult use market has also continued to evolve. There are now eleven (11) states and the District of Columbia that have legalized marijuana for adult use.[9] California has become the number two legal market in the world and many other states are watching their neighbours find alternative sources of tax revenues to help them buffer shrinking surpluses or bolster growing deficits. In 2019, several states including New York, New Jersey, Pennsylvania, Florida and Arizona have begun discussions regarding adult use legislation ranging from legislative initiatives to ballot initiatives. While the status of each initiative remains specific to each state, states and voters continue to evolve regarding their stance on cannabis as evidenced by a CBS News poll indicating that 65% of Americans believe that cannabis should be legal.[10]



Source: New Frontier Data. "The US. Cannabis Report 2019 Industry Outlook."

While the above progress bodes well for the future of the cannabis industry, the rise of the industrial hemp industry in the U.S., made possible last year with the signing of the *Agriculture Improvement Act of 2018*,

[7] CNN. Retrieved from https://www.cnn.com/2019/09/26/politics/cannabis-banking-bill-house-vote/index.html
[8] Politico Pro. Retrieved from https://www.politico.com/newsletters/morning-cannabis-preview/2019/09/27/crapo-bullish-about-banking-761462
[9] New Frontier Data. "The US. Cannabis Report 2019 Industry Outlook."
[10] CBS News. April 14, 2019 Poll. Retrieved from https://www.cbsnews.com/news/support-for-marijuana-legalization-hits-new-high-cbs-news-poll-finds/.

or the 2018 farm bill (the "2018 Farm Bill"), presents an additional opportunity in the near term. Although federal legislation for hemp pilot projects at university research facilities became legal in 2015 with the 2014 Farm Bill, the passage and signing of the 2018 Farm Bill into law in December of 2018 ended 40 years of prohibition and will impact both the cannabis and hemp industries.

Several key elements of the 2018 Farm Bill could impact the cannabis industry:

- While legalized at the federal level, and will be regulated by the United States Department of Agriculture (the "USDA") and directed to formulate those regulations "as expeditiously as practicable," the 2018 Farm Bill also allows each state or territory to submit hemp-growing regulation plans to the USDA – but provides no deadline for doing so which may contribute to regulatory uncertainty for farmers and companies that want to produce consumer products containing hemp-derived CBD oil;

- Federally legalizes the production of industrial hemp (defined as cannabis sativa L. plants containing less than three-tenths of a percent of tetrahydrocannabinol ("THC"));

- With hemp's removal from the CSA and the separation of hemp and marijuana, the 2018 Farm Bill frees up investors and operators to move forward without the threat or business risks associated with the medical or adult use cannabis industry, opening access to:

    - Crop insurance to farmers and cultivators

    - Banking and financial services

    - No longer subject to 280E tax restrictions

- Begins to open the CBD market; and

    - The U.S. Food and Drug Administration ("FDA") statement immediately following the signing of the 2018 Farm Bill will need further clarification before the market is truly open to interstate commerce.[11]

> "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."

[11] U.S. Food & Drug Administration Statement. (December 20, 2018). "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. This is because both CBD and THC are active ingredients in FDA-approved drugs and were the subject of substantial clinical investigations before they were marketed as foods or dietary supplements. Under the FD&C Act, it's illegal to introduce drug ingredients like these into the food supply, or to market them as dietary supplements. This is a requirement that we apply across the board to food products that contain substances that are active ingredients in any drug." Retrieved from https://www.fda.gov/NewsEvents/Newsroom/PressAnnouncements/ucm628988.htm.

- Hemp regulation as a crop is transferred to the state level.[12]

    - This may cause temporary confusion in the market as states race to put legislation in place to address (there may be no legal path in several states to apply for and receive a license to grow hemp for the next several months).[13]

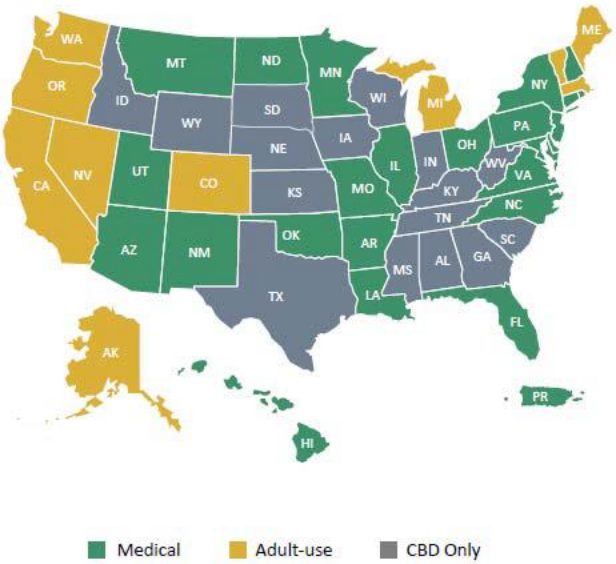
Source: New Frontier Data. (2019). *"The Global State of Hemp"*, (2019 Industry Outlook), pp. 6.

Current U.S. Cannabis Market

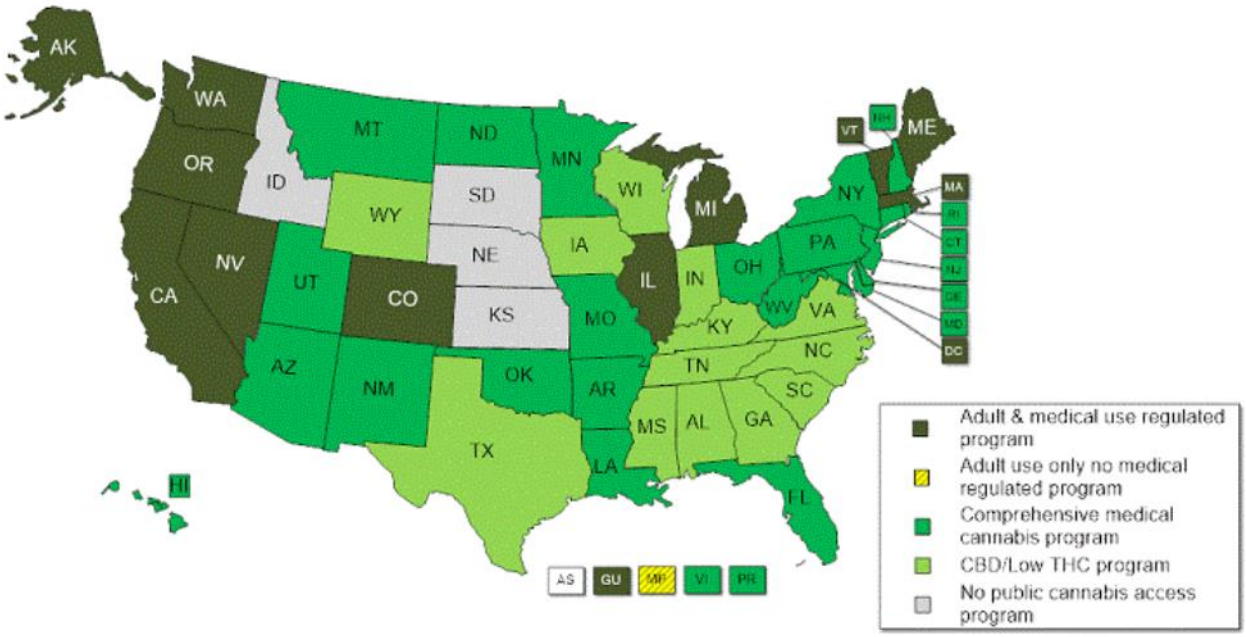
The U.S. legal cannabis market continued to experience rapid growth in 2018 and 2019 as more states voted to legalize cannabis in some capacity, bringing the total number of states with a regulated program to 33. Polling indicates that the majority of the American public is in support of cannabis legalization, regularly polling above 60% in favour of legalization with a +20-percentage point increase in support since 2013 alone.[14]

The following illustration identifies the current state of legalized cannabis across the U.S.:

[12] Hemp Business Journal. (2019). "The Global State of Hemp". (2019 Industry Outlook), pp. 15-19.
[13] Hemp Business Journal. (2019). "The Global State of Hemp". (2019 Industry Outlook), pp. 15-19.
[14] CBS News. April 14, 2019 Poll. Retrieved from https://www.cbsnews.com/news/support-for-marijuana-legalization-hits-new-high-cbs-news-poll-finds/..



Source: Archview Market Research & BDS Analytics – The State of Legal Marijuana Markets (6th ed.) and Canaccord Genuity Capital Markets Cannabis Industry Update (January 30, 2019).



Source: National Conference of State Legislatures.

Additionally, several other key events occurred in 2018 and 2019:

- California launched its adult use program on January 1, 2018;
- The 2018 Farm Bill was signed into law in December 2018;

- Canada legalized adult use sales on October 17, 2018;

- Approval of Epidiolex™, the first cannabis-derived pharmaceutical drug approved by the FDA on September 27, 2018;

- Adult use sales overtook medical sales in 2018; and[15]

- Illinois passed and signed a bill legalizing adult use sales on June 25, 2019.

In 2018, legal sales (including both medical and adult use) for the U.S. cannabis market totalled approximately US$10.5 billion and current industry growth projections are strong going into 2019 projected to total US$13.1 billion and a projection of US$22.2 billion by 2022.[16]

While the overall growth of the U.S. medical marijuana market is not expected to keep pace with the growth seen in the adult use market going forward, the medical cannabis space will remain an important driver of revenues for multi-state operators ("MSOs"). Medical patient counts in the U.S. are projected to grow from 1.4 million to 1.7 million registered patients from 2018 to 2019, respectively.[17] The medical market will likely remain strong overall, specifically in large markets such as Florida, New York, and Pennsylvania. Despite relatively low overall growth of the U.S. medical market (projected 5% compound annual growth rate ("CAGR") from 2017-2022), there are sub-markets of growth within that segment that are projected to outperform including Arizona, Pennsylvania, Maryland New Jersey and Florida amongst others.[18]

The economic impact of legal cannabis programs on tax revenues and job creation are key drivers to full legalization at a federal level.

<u>California</u>

With almost 40 million residents and the longest-running medical cannabis program in the country, California is the largest cannabis market in the U.S. California logged more than US$2.5 billion in sales through state-licensed channels in 2018.[19] That number is expected to grow over time, as the illicit market shrinks with consumers migrating to fully legal retailers and wholesale prices trending downward. By the end of 2020, estimated retail sales for both medical and adult use cannabis are forecasted to reach US$4.2 billion.[20]

The market is still very much developing, as legacy operators from the decades-old black market and the younger medical grey market continue to transition into the newly regulated system. That means that while competition for market share in California will be intense, there is also a tremendous pie to split, positioning well-funded MSOs to gain significant market share. During 2019, many insiders expect a high attrition rate, as undercapitalized businesses that obtained quick-and-easy permits in 2018 begin to fall by the wayside during the much stricter annual licensing process, which will be cost-prohibitive for many entrepreneurs.[21]

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[15] Arcview Market Research & BDS Analytics. (2019). The State of Legal Marijuana Markets (6th ed.), pp. 25.
[16] Arcview Market Research & BDS Analytics. (2019). The State of Legal Marijuana Markets (6th ed.), pp. 25.
[17] Arcview Market Research & BDS Analytics. (2019). The State of Legal Marijuana Markets (6th ed.), pp. 38.
[18] Arcview Market Research & BDS Analytics. (2019). The State of Legal Marijuana Markets (6th ed.), pp. 27-28.
[19] BDS Analytics. Retrieved from https://bdsanalytics.com/the-2018-california-cannabis-marketplace-in-review/.
[20] Cannabis Business Daily. (February 14, 2019). CALIFORNIA: One Year In.
[21] Ibid. (Cannabis Business Daily. (February 14, 2019). CALIFORNIA: One Year In.)

Pennsylvania

Pennsylvania is the fifth-largest state in the country, home to nearly 13 million people and operates as a high barrier market with limited market participation.[22] Retail sales opened in February 2018 to a limited number of retail locations across the state. As of August 2019, more than 182,000 patients in the state have registered to participate in the medical cannabis program, more than 154,000 identification cards have been issued and approximately 1,650 physicians have registered to be certified, nearly 1,190 of whom have been approved as practitioners.[23]

Pennsylvania's medical cannabis market is expected to become one of the largest markets in the U.S., and in the first year that the program was operational the state generated more than US$132 million in total sales through nearly 600,000 dispensing events. It is estimated that medical sales will reach over US$360 million by 2022.[24]

In January 2019, Lieutenant Governor John Fetterman was joined by Governor Tom Wolf as he announced that he will be launching a state-wide listening tour to hear from Pennsylvanians about the possibility of legalizing adult use cannabis.[25] In September 2019, Lieutenant Governor Fetterman published a report summarizing feedback received from the tour and subsequently on September 25 Governor Wolf and Lieutenant Governor Fetterman asked the Pennsylvania legislature to draft a bill that decriminalizes non-violent and small cannabis related crimes, seek a path to restorative justice through expungement of past convictions and debate and consider the legalization of adult use cannabis.[26]

New York

New York is the fourth-most populous state in the country, home to almost 20 million people and projected to be one of the top three medical cannabis markets in the country. New York currently has 10 vertically integrated Ros.[27] As of November 2019, there were over 109,000 total patients in the state that have been certified to participate in the medical cannabis program and over 2,500 medical professionals registered in the state's medical marijuana program.[28] New York's medical cannabis market is expected to become the largest medical cannabis market in the U.S. It is estimated that total medical sales will reach over US$453 million in 2019, peaking at US$547 million by 2021 and then declining to US$542 million by 2022; which would make it the second largest medical cannabis market in U.S. by 2022.[29] Total projected sales, assuming adult use in place by 2020, will reach US$1.5 billion by 2022.[30]

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[22] U.S. Census Bureau. Population Estimate. July 1, 2018. Retrieved from https://www.census.gov/quickfacts/fact/table/PA/PST045218.
[23] Pennsylvania Pressroom. August 16, 2019. https://www.media.pa.gov/Pages/Health-Details.aspx?newsid=636
[24] Arcview Market Research & BDS Analytics – 2019 Update. The State of Legal Cannabis Markets (6th ed.).
[25] Governor Tom Wolf's Office Press Release. January 24, 2019. Lieutenant Governor Announces Statewide Recreational Marijuana Legalization Listening Tour. Retrieved from https://www.governor.pa.gov/lieutenant-governor-announces-statewiderecreational-marijuana-legalization-listening-tour/.
[26] Governor Tom Wolf's Office. https://www.governor.pa.gov/newsroom/gov-wolf-lt-gov-fetterman-announce-report-next-steps-after-adult-use-recreational-marijuana-tour/
[27] New York State Department of Health. Retrieved from https://www.health.ny.gov/regulations/medical_marijuana/application/.
[28] New York State Department of Health. Retrieved from https://www.health.ny.gov/regulations/medical_marijuana/
[29] Arcview Market Research & BDS Analytics. (2019). The State of Legal Marijuana Markets (6th ed.).
[30] Arcview Market Research & BDS Analytics. (2019). The State of Legal Marijuana Markets (6th ed.).

In January 2018, Governor Cuomo commissioned a study to assess the impact of a marijuana program in New York State. Based on the findings of that study, the Governor announced the creation of a regulated marijuana workgroup that set up a series of listening tours across 17 locations in the state.[31] In July 2019, following an unsuccessful adult use legalization push, Governor Cuomo signed into law a bill decriminalizing marijuana use in the state.[32] While adult use legislation will not pass in 2019, there is the strong possibility that a renewed push will be made in 2020 or later, however this highly uncertain and subject to change.

Nevada

Nevada is a developed medical and adult use market. The City of Las Vegas is one of the most visited cities in the U.S. The city has approximately 42 million visitors annually and 3 million residents.[33] In fiscal year 2019,[34] total combined taxable sales for medical and adult use cannabis, and cannabis-related tangible goods totalled approximately US$639 million, with the month of June 2019 totalling approximately US$57 million.[35] Projected sales are expected to reach approximately US$800 million by 2022.[36]

Nevada became a medical marijuana state in 2001. In 2013, Nevada legislature passed SB374, providing for state licensing of medical marijuana establishments. On November 8, 2016, Nevada voters passed NRS 435D by ballot initiative allowing for the sale of marijuana for adult use starting on July 1, 2017. In early December 2018, the DOT issued an additional 61 conditional licenses for adult use retail marijuana stores. Those licensees have one year to receive local government approval and final sign-off from the DOT before opening their doors for business. The licensing process is currently under litigation with plaintiffs alleging impropriety during the application process. Clark County District Court Judge Elizabeth Gonzalez recently halted the license process for several licenses and it is expected that the case will be appealed to the Nevada Supreme Court.[37] Currently, there are 132 cultivators, 93 producers, and 120 dispensaries licensed and for adult use in the entire state.[38]

Illinois

On August 28, 2018, the Opioid Alternative Pilot Program (Public Act 100-1114) became effective. The Alternative to Opioids Act significantly expands the Illinois' medical cannabis market by enabling patients to access medical cannabis in place of pharmaceutical opioid medications. The Illinois Department of Public Health reports that there were more than 5.3 million prescriptions for opioid-based painkillers filled last year.[39]

In November 2018, JB Pritzker was elected Governor of Illinois. During Governor Pritzker's inaugural address, shortly after taking the oath of office, he confirmed that he plans to "work with the legislature to

[31] New York State. Assessing Regulated Marijuana in New York. Retrieved from https://www.ny.gov/programs/assessingregulated-marijuana-new-york.
[32] CBS New York. Retrieved from https://newyork.cbslocal.com/2019/07/29/cuomo-signs-bill-into-law-further-decriminalizing-marijuana/
[33] Las Vegas Convention and Visitors Authority. Retrieved from https://www.lvcva.com/stats-and-facts/visitor-statistics/.
[34] Nevada's fiscal year end for 2019 is June 30, 2019
[35] Nevada Department of Taxation. April 2019.
[36] Arcview Market Research and BDS Analytics (2019). The State of Legal Cannabis Markets.
[37] Marijuana Business Daily. https://mjbizdaily.com/nevada-judge-gives-ok-for-more-retail-cannabis-stores-to-open/.
[38] Nevada Department of Taxation. 2019.
[39] WQAD News 8. New Law Expands Access to Medical Marijuana in Illinois to Curb Opioid Use. August 29, 2018. Retrieved from https://wqad.com/2018/08/28/new-law-expands-access-to-medical-marijuana-in-illinois-to-curb-opioid-use/.

legalize, tax and regulate the sale of adult use cannabis in Illinois."[40] On June 25, 2019 Governor Pritzker signed the Cannabis Regulation and Tax Act into law legalizing adult use cannabis in the state and establishing a regulatory framework for cultivation, processing, distribution and sales. It is expected that adult use sales will begin in January 2020.[41]

In 2018, Illinois total retail sales by licensed medical cannabis dispensaries reached over US$136 million and wholesale sales by cultivation centres totalled over US$74 million. The 2018 retail sales represent a 58% year-over-year increase compared to 2017. As of August 31, 2019, total retail sales for 2019 reached US$149 million and the Illinois Department of Public Health had approved 83,345 qualifying patients, an increase of approximately 47,200 patients since January 2018. The 50,854 unique patients served in August 2019 implies an average monthly spend per patient of over US$470.[42] It is expected medical sales will reach US$400 million by 2022.[43]

With the signing into law of SB7 in June 2019, beginning on January 1, 2020, adults over 21 will be able to legally purchase adult use cannabis from licensed dispensaries across the state. The state will be allowing for existing medical marijuana dispensaries to co-locate an adult use dispensary at the same site as the medical marijuana dispensary, as well as allow by right an additional adult use dispensary within certain adjacent territories defined by the state, subject to certain restrictions including but not limited to local municipality allowance. Additionally, the state is underway with an additional licensing process open to all qualified applicants regardless of whether the applicant operates a medical marijuana dispensary. In any event, no adult use sales may start until January 1, 2020.

Ohio

With a population of over 11.6 million, Ohio is the seventh largest state in the country and centrally situated in the country. As of September 15, 2019, over 3,000 lbs of flower and 84,000 units of manufactured product had been sold representing US$26.4 million in product sales from 197,000 total receipts. It is estimated that Ohio's medical market size will reach approximately US$300 million by 2022.[44] As of August 31, 2019, there were over 55,000 recommendations and 57,000 registered patients with recommendations.[45] With a broad list of eligible conditions, the state is expected to have robust medical market.

Virginia

Situated in mid-Atlantic region of the country, the state of Virginia has a population of over 8.5 million.[46] In March 2018, the governor of Virginia signed into law a bill expanding the allowable medical conditions to any diagnosed condition or disease, upon recommendation from any physician.[47] In March 2019, Governor

[40] Washington Times. January 15, 2019. Illinois Governor Vows to Work Toward Marijuana Legalization in Inaugural Address. Retrieved from https://www.washingtontimes.com/news/2019/jan/15/illinois-governor-vows-work-toward-marijuana-legal/.
[41] Illinois.gov. https://www2.illinois.gov/Pages/news-item.aspx?ReleaseID=20242
[42] Illinois Medical Cannabis Pilot Program. September 12, 2019. MCPP Update. Retrieved from https://www2.illinois.gov/sites/mcpp/Pages/update0912209_mcpp.aspx.
[43] Arcview Market Research & BDS Analytics. (2019). The State of Legal Marijuana Markets (6th ed.).
[44] Arcview Market Research & BDS Analytics. (2019). The State of Legal Marijuana Markets (6th ed.).
[45] Ohio Medical Marijuana Control Program. September 19, 2019. Program Update. Retrieved from https://www.medicalmarijuana.ohio.gov/programupdate.
[46] US Census Bureau. Population Estimate (2018).
[47] WKTR News 3. March 11, 2018. Ralph Northam Approves Groundbreaking Medical Marijuana Legislation. Retrieved from https://wtkr.com/2018/03/11/ralph-northam-approves-groundbreaking-medical-marijuana-legislation/.

Ralph Northam signed SB1557, which took effect July 1, 2019.[48] The bill redefined the allowed dosage limitations and formulations, expanded patient access and reduced patient cost by adding nurse practitioners and physician assistants to the list of those authorized to issue written certifications to patients. Additionally, it allows pharmaceutical processors to dispense medical cannabis preparations beyond the definition of "oil" and in doses considered effective for the variety of disease processes for which doctors will recommend these therapies. Pharmacists at medical cannabis facilities are now allowed to compound creams, sprays, capsules, suppositories, lozenges, and other preparations typically dispensed at compounding pharmacies.[49] The bill has the potential to greatly expand patient access and product forms.

Colorado

Colorado has one of the longest standing cannabis programs in the country dating back to November 2000 following the passage of ballot initiative Amendment 20. In November 2012, Colorado became the first state to legalize adult use cannabis through ballot initiative Amendment 64.[50] Since the establishment of the adult use program, Colorado has become one of the largest cannabis markets in the U.S. and the world, benefiting from a population of over 5.6 million and an estimated number of tourists of over 84 million.[51] [52] From January 2014 to July 2019 the state has generated over US$7.0 billion in total cannabis sales with 2019 sales through July 2019 totalling over U$980 million.[53] In addition, as of August 2019 the state's medical program had 81,035 active medical marijuana registrations.[54] Recently, in May 2019 Governor Jared Polis signed a bill into law which will allow for publicly traded corporations to own Colorado cannabis companies. Following the change in rules and the creation of new ownership licenses, publicly traded corporations will be able to directly participate in the Colorado market helping to capitalize the Colorado cannabis industry. The new law will go into effect in November 2019, however the Colorado Marijuana Enforcement Division has not yet began accepting ownership applications.[55]

Missouri

With a population of over 6.8 million, Missouri is one of the most recent states to enact a medical marijuana program following the successful passage of ballot initiative Amendment 2 in November 2018.[56] [57] In March 2019, the Department of Health released draft rules for the medical program and in August 2019 began

[48] WTVR. https://wtvr.com/2019/07/02/what-you-need-to-know-about-the-medical-marijuana-coming-to-virginia-in-2019/
[49] Virginia NORML. January 2019. Medical Cannabis Bills Unanimously Pass Virginia Senate. Retrieved from https://www.vanorml.org/2019_01_29.
[50] Sensible Colorado. Retrieved from http://sensiblecolorado.org/history-of-co-medical-marijuana-laws/
[51] US Census Bureau. Population Estimate (2018).
[52] Colordo.com. Retrieved from https://www.colorado.com/news/colorado-tourism-sets-all-time-records-eighth-consecutive-year.
[53] Colorado Department of Revenue. July 2019.
[54] Colorado Department of Health and Environment. August 2019.
[55] JD Supra. Retrieved from https://www.jdsupra.com/legalnews/colorado-expands-ownership-of-cannabis-25407/.
[56] US Census Bureau. Population Estimate (2018).
[57] Forbes. Retried from https://www.forbes.com/sites/tomangell/2018/11/06/missouri-votes-to-legalize-medical-marijuana/#4b383ff4575c.

accepting applications for cultivation, manufacturing and retail licenses, subsequently announcing that it received over 2,000 facility applications. Regulators must approve or deny applications within 150 days of the submission date, implying that results will be available by the end of 2019, however this is highly conditional and subject to change.[58] A report from the University of Missouri projects that the qualified medical patient count could reach 26,000 in 2022 and Marijuana Business Daily projects that annual sales could reach between US$175 – US$275 million.[59][60]

New Jersey

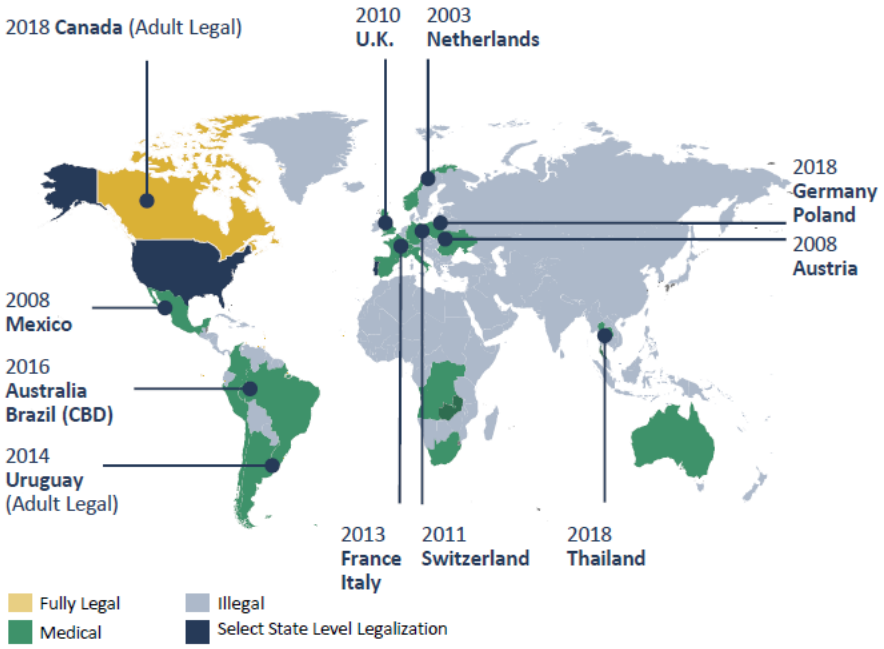
Located in the populous tri-state area, New Jersey has a population of over 8.9 million.[61] The state's medical program was signed into law in 2010 when Governor Corzine signed the New Jersey Compassionate Use Medical Marijuana Act. The program was expanded in 2018 following the results of Governor Phil Murphy's Executive Order 6 report, doubling the size of the program and expanding patient access. In July 2019, following unsuccessful adult use legislation, Governor Murphy signed the Jake Honig Compassionate Use Medical Cannabis Act into law reforming the program to expand patient access through increased purchase allowances and longer patient authorization. Subsequently, the Department of Health accepted applications in August 2019 for additional cultivation, manufacturing and retail licenses further expanding the medical program.[62] Despite the initial setbacks with adult use legislation comments from Senate President Stephen Sweeney indicate that the possibility remains that adult use legislation will be passed in 2019 by the legislature or through a ballot measure in 2020, however this highly uncertain and subject to change.[63]

As of July 2019, there were 51,000 patients and 1,000 doctors participating the medical program, nearly triple the number of patients and double the number of physicians since Governor Murphy took office.[64] In 2018 the state generated over US$53 million in sales an increase of 82% from 2017.[65] It is estimated the New Jersey's medical market size will reach US$284 million by 2022.[66]

Other Relevant Cannabis Markets

The expansion of the legalized cannabis market internationally is illustrated in the map below:

[58] Missouri Department of Health.
[59] Missouri's Medical Marijuana Market: An Economic Analysis of Consumers, Producers, and Sellers. Joseph H. Haslag and G. Dean Crader with William Balossi.
[60] Marijuana Business Daily. Retrieved from https://mjbizdaily.com/if-they-pass-state-cannabis-initiatives-could-lead-to-2b-plus-in-new-mj-sales-forecast-shows/
[61] US Census Bureau. Population Estimate (2018).
[62] New Jersey Department of Health. Retrieved from https://www.nj.gov/health/news/2019/approved/20190724b.shtml.
[63] NewJersey.com. Retrieved from https://www.nj.com/marijuana/2019/08/legal-weed-bill-for-nj-may-be-revived-later-this-year-well-make-one-more-run-at-it.html.
[64] New Jersey Department of Health. Retrieved from https://www.nj.gov/health/news/2019/approved/20190724b.shtml.
[65] NJ Department of Health Division of Medicinal Marijuana Biennial Report 2017/2018.
[66] Arcview Market Research & BDS Analytics. (2019). The State of Legal Marijuana Markets (6th ed.).



Source: The Thailand National Legislative Assembly.

Europe

Approximately €500 million has now been invested into the European market, which has been focused on distributing cannabis-based medicines and cultivation licenses. Over the last twelve months, the European cannabis industry has grown more than it has in the last six years. Key markets like France, the United Kingdom and Spain are reviewing their current legislation while the industry leaders Germany, Portugal, Italy and The Netherlands focus on expanding existing medical programs.[67]

Europe's future cannabis industry is positioned for substantial growth, given the current high price of cannabis and relatively high usage rates. In mature markets, like North America, Prohibition Partners has noted an increase in adult use consumption following the legalization of the adult use market. In the mid to long-term, cannabis consumption could penetrate a far higher proportion of Europe's population, particularly if used to treat mental health issues like anxiety and depression. Adult use cannabis legalization would drive the market forward if enacted. Large populations, extensive cannabis consumption and innovation across multiple verticals (such as food, beverages and wellness) would also add to a high market valuation.

<u>Germany</u>

Germany boasts the largest economy in Europe – a global leader across multiple industries and the forerunner of the European cannabis industry. Germany, Europe's largest potential market, opened up in March 2017 with the introduction of medical cannabis legislation and the creation of import permits geared towards experienced international producers partnering or creating joint ventures with local pharmacy distribution companies. In order to meet rising demand, Germany issued its first round of domestic cultivation contracts to 3 producers through a tender process in April 2019. Each of the 13 contracts

[67] Prohibition Partners (2019). The European Cannabis Report™.

available allow for 200kg of annual production over a 4-year period, representing 2,600kg of annual domestic cannabis production in Germany.[68] As of March 2019, it was estimated that Germany has between 50,000 and 60,000 medical cannabis patients. Public health insurers, which cover 90% of the population, are required to cover cannabis medication up to five ounces per month.[69]

Adult use is currently illegal in Germany, although punishments have become increasingly lenient in recent years as attitudes shift. While dwarfed by France, Germany's industrial hemp production industry is in the top five in Europe and is expected to grow. The country is poised for further reform, including decriminalization, which was called for by the head of the police union in February 2018.

Portugal

Portugal, with a population of more than 10 million, represents another attractive market in Europe. It is part of the Eurozone, has a producer-friendly regulatory framework that encourages the establishment of domestic production, and features favorable labor costs. New Portuguese regulations enacted on January 15, 2019 permit the distribution of prescribed medical cannabis to Portuguese patients in addition to export to other European Union member countries where medical cannabis is currently legal. Portugal was one of the first countries to decriminalize cannabis in 2001.[70]

U.S. Regulatory Environment

In accordance with the Staff Notice 51-352, below is a table of concordance that is intended to assist readers in identifying those parts of this Listing Statement that address the disclosure expectations outlined in Staff Notice 51-352.

Industry Involvement	Specific Disclosure Necessary to Fairly Present all Material Facts, Risks and Uncertainties	Listing Statement Cross Reference
All Issuers with U.S. Marijuana-Related Activities	Describe the nature of the issuer's involvement in the U.S. marijuana industry and include the disclosures indicated for at least one of the direct, indirect and ancillary industry involvement types noted in this table.	*Cover Page (disclosure in bold typeface)* *Part 3 – General Development of the Business* *Part 4 – Narrative Description of the Business*
	Prominently state that marijuana is illegal under U.S. federal law and that enforcement of relevant laws is a significant risk.	*Cover Page (disclosure in bold typeface)* *Part 17 – Risk Factors – Risks Related to the Business of Jushi – U.S. federal law and*

[68] Marijuana Business Daily. Retrieved from https://mjbizdaily.com/germany-confirms-cannabis-licenses-domestic-cultivation/
[69] Prohibition Partners (2019). The European Cannabis Report™.
[70] Prohibition Partners (2019). The European Cannabis Report™.

		enforcement of cannabis and hemp *Part 17 – Risk Factors – Risks Related to the Business of Jushi – 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.*
	Discuss any statements and other available guidance made by federal authorities or prosecutors regarding the risk of enforcement action in any jurisdiction where the issuer conducts U.S. marijuana-related activities.	*Cover Page (disclosure in bold typeface)* *Part 3 – General Development of the Business – Federal Regulatory Environment* *Part 17 – Risk Factors – Risks Related to Business of Jushi – U.S. federal law and enforcement of cannabis and hemp*
	Outline related risks including, among others, the risk that third-party service providers could suspend or withdraw services and the risk that regulatory bodies could impose certain restrictions on the issuer's ability to operate in the U.S.	*Cover Page (disclosure in bold typeface)* *Part 17 – Risk Factors – Risks Related to the Business of Jushi – Risks related to relationships with third parties* *Part 17 – Risk Factors – Risks Related to the Business of Jushi – Risks related to transportation*
	Given the illegality of marijuana under U.S. federal law, discuss the issuer's ability to access both public and private capital and indicate what financing options are / are not available in order to support continuing operations.	*Part 17 – Risk Factors – Risks Related to the Business of Jushi – Difficulty accessing public and private capital*
	Quantify the issuer's balance sheet and operating statement exposure to U.S. marijuana-related activities.	*Part 5 – Selected Consolidated Financial Information* *See Appendix A and C to this Listing Statement.*
	Disclose if legal advice has not been obtained, either in the form	The Company has received and continues to receive legal input

	of a legal opinion or otherwise, regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law.	regarding (a) compliance with applicable state regulatory frameworks and (b) potential exposure and implications arising from U.S. federal law in certain respects. The Company receives such advice on an ongoing basis but does not have a formal legal opinion on such matters.
U.S. Marijuana Issuers with direct involvement in cultivation or distribution	Outline the regulations for U.S. states in which the issuer operates and confirm how the issuer complies with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	Not applicable.
	Discuss the issuer's program for monitoring compliance with U.S. state law on an ongoing basis, outline internal compliance procedures and provide a positive statement indicating that the issuer is in compliance with U.S. state law and the related licensing framework. Promptly disclose any non-compliance, citations or notices of violation which may have an impact on the issuer's license, business activities or operations.	See paragraph below. *Part 3 – General Development of the Business – State Regulatory Environment – Compliance Procedures*
U.S. Marijuana Issuers with indirect involvement in cultivation or distribution	Outline the regulations for U.S. states in which the issuer's investee(s) operate.	*Part 3 – General Development of the Business – State Regulatory Environment*
	Provide reasonable assurance, through either positive or negative statements, that the investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state. Promptly disclose any non-compliance, citations or notices of violation, of which the issuer is aware, that may have an	*Part 3 – General Development of the Business - Non-Compliance with State and Local Cannabis Laws* *Part 3 – General Development of the Business – State Regulatory Environment*

	impact on the investee's license, business activities or operations.	
U.S. Marijuana Issuers with material ancillary involvement	Provide reasonable assurance, through either positive or negative statements, that the applicable customer's or investee's business is in compliance with applicable licensing requirements and the regulatory framework enacted by the applicable U.S. state.	Not applicable.

In accordance with Staff Notice 51-352, below is a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where Jushi is currently indirectly involved through its subsidiaries. Jushi is indirectly engaged in the manufacture, possession, use, sale, distribution or branding of cannabis and/or hold licenses in the adult use and/or medicinal cannabis marketplace in the states of New York, Nevada, Pennsylvania and Virginia. In accordance with Staff Notice 51-352, Jushi will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented and amended to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation. Any non-compliance, citations or notices of violation which may have an impact on Jushi's licensing, business activities or operations will be promptly disclosed by Jushi.

Federal Regulatory Environment

Under U.S. federal law, marijuana is classified as a Schedule I drug. The CSA has five different tiers or schedules. A Schedule I drug means the Drug Enforcement Agency ("DEA") considers it to have a high potential for abuse, no accepted medical treatment, and lack of accepted safety for the use of it even under medical supervision. Other Schedule I drugs include heroin, LSD and ecstasy. Jushi believes marijuana's categorization as a Schedule I drug is not reflective of the medicinal properties of marijuana or the public perception thereof, and numerous studies show cannabis is not able to be abused in the same way as other Schedule I drugs, has medicinal properties, and can be safely administered. Nonetheless, marijuana has remained a Schedule I drug while 33 states have now legalized adult use and/or medical marijuana. The prior U.S. administration sought to provide guidance to enforcement agencies and banking institutions with the introduction of the DOJ memorandum drafted by former Deputy Attorney General James Michael Cole released on August 29, 2013 (the "Cole Memo") and the FinCEN Guidance. The Cole Memo offered guidance to federal enforcement agencies as to how to prioritize civil enforcement, criminal investigations and prosecutions regarding marijuana in all states. The Cole Memo put forth eight prosecution priorities:

1. Preventing the distribution of marijuana to minors;

2. Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs and cartels;

3. Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;

4. Preventing the state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;

5. Preventing the violence and the use of firearms in the cultivation and distribution of marijuana;

6. Preventing the drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;

7. Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and

8. Preventing marijuana possession or use on federal property.

On January 4, 2018, then U.S. Attorney General, Jeff Sessions, rescinded the Cole Memo and reintroduced an absence of prosecutorial guidance for enforcement agencies and the DOJ. Despite the rescission of the Cole Memo and the ambiguities created thereby, Jushi continues to prioritize its business to remain compliant with the Cole Memo, including by:

- Ensuring the operations of its subsidiaries, and third-party license-holding entities where Jushi acts as an ancillary services provider, are compliant with all licensing requirements in connection with cannabis operations set forth by the state, county, municipality, township, borough, and other applicable political/administrative divisions;

- Narrowing activities relating to the cannabis businesses to the scope of the licensing issued (for example, in a state where only medical cannabis is permitted, cannabis products are only sold to patients holding the necessary valid documentation entitling the patient to the purchase and possession of such cannabis);

- Verifying the lawful age of all customers and patients to purchase cannabis products;

- Conducting commercially reasonable due diligence on third party cultivators and processors, including verification such third party is appropriately licensed to conduct business with Jushi and is compliant with inventory tracking and other state and local requirements; and

- Engaging appropriately experienced legal counsel to assist with the foregoing.

Due to the CSA categorization of marijuana as a Schedule I drug, U.S. federal law makes it illegal for financial institutions that depend on the Federal Reserve's money transfer system to take any proceeds from marijuana sales as deposits. Banks and other financial institutions could be prosecuted and possibly convicted of money laundering for providing services to cannabis businesses under the Bank Secrecy Act. Under U.S. federal law, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering or conspiracy.

While there has been no change in U.S. federal banking laws to account for the trend towards legalizing medical and adult use marijuana by U.S. states, FinCEN has issued the FinCEN Guidance advising prosecutors of money laundering and other financial crimes not to focus their enforcement efforts on banks

and other financial institutions that serve marijuana-related businesses, so long as that business is legal in their state and none of the federal enforcement priorities set forth in the Cole Memo are being violated (such as keeping marijuana away from minors and out of the hands of organized crime). The FinCEN Guidance also clarifies how financial institutions can provide services to marijuana-related businesses consistent with their Bank Secrecy Act obligations, including thorough customer due diligence, but makes it clear that they are doing so at their own risk. The customer due diligence steps include:

1. verifying with the appropriate state authorities whether the business is duly licensed and registered;

2. reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its marijuana-related business;

3. requesting from state licensing and enforcement authorities available information about the business and related parties;

4. developing an understanding of the normal and expected activity for the business, including the types of products to be sold and the type of customers to be served (e.g., medical versus adult use customers);

5. ongoing monitoring of publicly available sources for adverse information about the business and related parties;

6. ongoing monitoring for suspicious activity, including for any of the red flags described in this guidance; and

7. refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk.

With respect to information regarding state licensure obtained in connection with such customer due diligence, the FinCEN Guidance states that a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where states make such information available.

Unlike the Cole Memo, the FinCEN Guidance remains effective as of the date of this Listing Statement. Nonetheless, many financial institutions remain fearful of being implicated in or prosecuted for money laundering, resulting in many marijuana businesses becoming “cash-only” businesses. As banks and other financial institutions in the U.S. are generally unwilling to risk a potential violation of federal law without guaranteed immunity from prosecution, most refuse to provide any kind of services to marijuana businesses. Despite the attempt by FinCEN to legitimize marijuana banking, the FinCEN Guidance has not resulted in banks providing marijuana businesses with banking services. Banks routinely close accounts servicing marijuana businesses and are refusing to open accounts for new marijuana businesses because, regardless of a cannabis business’s operations in compliance with the Cole Memo or the FinCEN Guidance, the FinCEN Guidance does not provide banks with prosecutorial immunity.

The U.S. Department of Treasury, headed by Stephen Mnuchin, has publicly stated it was not informed in advance of the Attorney General Jeff Sessions’ desire to rescind the Cole Memo, and the U.S. Department of Treasury does not desire to rescind the FinCEN Guidance.

Although the Cole Memo has been rescinded and the FinCEN Guidance is arguably ineffective, a key legislative safeguard for the medical cannabis industry has remained in place: Congress's adopted amendments to the fiscal years 2015, 2016, 2017, 2018 and 2019 Consolidated Appropriations Acts (commonly referred to as the "Rohrabacher/Blumenauer Amendment"), which prevents the federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis companies operating in compliance with state and local law. While the Rohrabacher/Blumenauer Amendment has seen been consistently reincluded in omnibus appropriation packages signed into law, there is no guarantee that it will be included in future omnibus appropriation packages.

In addition to the lack of certainty of the protections for medical cannabis businesses, there is generally no guarantee that the current or future presidential administrations will not change the policy around enforcement of U.S. federal laws against state-compliant cannabis businesses. Perceived protections around cannabis businesses, including the ones that Jushi operates, could suddenly change and enforcement of U.S. federal laws could occur zealously.

An additional challenge to marijuana-related businesses is that the provisions of the Code, Section 280E, are being applied by the Internal Revenue Service (the "IRS") to businesses operating in the medical and adult use marijuana industry. Section 280E of the Code prohibits marijuana businesses from deducting their ordinary and necessary business expenses, forcing them to pay higher effective federal tax rates than similar companies in other industries. The effective tax rate on a marijuana business depends on how large its ratio of non-deductible expenses is to its total revenues. Therefore, businesses in the legal cannabis industry may be less profitable than they would otherwise be in a different industry.

The following sections describe the legal and regulatory landscape in the states in which Jushi operates or has prioritized future operations in.

Despite Jushi's commitment to maintaining compliant operations consistent with state and local laws, for reasons described above, below and in *Part 17 – Risk Factors*, there are significant risks associated with the business of Jushi, and readers are strongly encouraged to carefully read and understand all of the risk factors contained in this Listing Statement.

State Regulatory Environment

Jushi seeks to maintain material compliance with the rules, regulations and license requirements governing each state in which its subsidiaries operate. Nonetheless, there are significant risks associated with Jushi's business and the business of its subsidiaries. See "*Risk Factors*". For the avoidance of doubt, the rules and regulations as outlined below are not a comprehensive representation of all the rules that the Jushi and its subsidiaries are required to follow in each applicable state.

Although each state has its own laws and regulations regarding the operation of cannabis businesses, certain of the laws and regulations are consistent across jurisdictions. As a general matter, to operate legally under state law, cannabis operators must obtain a license from the state and in certain states must also obtain local approval. In those states where local approval is required, local authorization may be a prerequisite to obtaining state licenses, and local governments are permitted to prohibit or otherwise regulate the types and number of cannabis businesses allowed in their locality. The license application process and license renewal process is unique to each state and local jurisdiction. However, generally each state's application process requires a comprehensive criminal history, regulatory history, financial and personal disclosures, coupled with stringent monitoring and continuous reporting requirements designed to

ensure only good actors are granted licenses and that licensees continue to operate in compliance with the state's regulatory program.

License applicants for each state often must submit standard operating procedures describing how the operator will, among other requirements, secure the facility, manage inventory, comply with the state's Seed-to-sale tracking requirements, dispense cannabis, and handle waste, as applicable to the license sought. Once the standard operating procedures are determined compliant and approved by the applicable state regulatory agency, the licensee is required to abide by the processes described and seek regulatory agency approval before any changes to such procedures may be made. Licensees are additionally required to train their employees on compliant operations and are only permitted to transact with other legal and licensed businesses.

As a condition of each state's licensure, operators must consent to inspections of the commercial cannabis facility as well as the facility's books and records to monitor and enforce compliance with state law. Many localities have also enacted similar standards for inspections and have already commenced both site-visits and compliance inspections for operators who have received state temporary or annual licensure.

Jushi and its subsidiaries plan to utilize a third-party enterprise compliance platform, which facilitates a regulatory document control workflow for each state and issues alerts for time sensitive information requests for events such as license renewal an impending inspection. The software features a robust auditing system that allows for both internal as well as third party compliance auditing, covering all state, municipal, facility and operational requirements. The third-party software facilitates the implementation and maintenance of compliant operations and tracks all required licensing maintenance criteria, which include countdown features and automatically generated reminders for initiating renewals and required reporting.

Vaping is steadily being regulated across the United States. Amid a surge of possible health concerns in the United States arising from the use of vaping products, there has been an emergence of possible regulations surrounding vaping, with certain states, including Massachusetts, enacting and/or contemplating statewide vaping bans.

California

California Regulatory Landscape

In 1996, California was the first state to legalize medical marijuana through Proposition 215, the CUA. This legalized the use, possession and cultivation of medical marijuana by patients with a physician recommendation for treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine or any other illness for which marijuana provides relief.

In 2003, Senate Bill 420 was signed into law establishing an optional identification card system for medical marijuana patients.

In September 2015, the California legislature passed three bills collectively known as the MCRSA. The MCRSA established a licensing and regulatory framework for medical marijuana businesses in California. The system created multiple license types for dispensaries, infused products manufacturers, cultivation facilities, testing laboratories, transportation companies, and distributors. Edible infused product manufacturers would require either volatile solvent or non-volatile solvent manufacturing licenses depending on their specific extraction methodology. Multiple agencies would oversee different aspects of the program and businesses would require a state license and local approval to operate. However, in

November 2016, voters in California overwhelmingly passed Proposition 64, the AUMA creating an adult use marijuana program for adult use 21 years of age or older. AUMA had some conflicting provisions with MCRSA, so in June 2017, the California State Legislature passed Senate Bill No. 94, known as the MAUCRSA, which amalgamates MCRSA and AUMA to provide a set of regulations to govern medical and adult use licensing regime for cannabis businesses in the State of California. MAUCRSA went into effect on January 1, 2018. The four agencies that regulate marijuana at the state level are the BCC, the California Department of Food and Agriculture, the California Department of Public Health, and the California Department of Tax and Fee Administration.

In order to legally operate a medical or adult use cannabis business in California, the operator must have both a local and state license. This requires licenseholders to operate in cities with marijuana licensing programs. Therefore, cities in California are allowed to determine the number of licenses they will issue to marijuana operators, or can choose to outright ban marijuana.

California Licenses

Neither Jushi nor its subsidiaries currently hold medical or adult use cannabis business licenses in the state of California. Jushi, through its subsidiaries, has applied or currently intends to apply for approval by both state and local licensing authorities in California regarding changes of ownership or control of target operators, particularly in Southern California. Further, Jushi, through its subsidiaries, is an applicant for one of the to-be-issued “cannabis storefront retail businesses” in Culver City, California, one of the to-be issued “cannabis retailer permits” in Pasadena, California, one of the to-be-issued “regulatory safety permits” in Imperial Beach, California, one of the to-be-issued “dispensary permits” in Marina, California, and one of the to-be-issued “retail storefront permits” in Stockton, California. There is no guarantee that any of these applications will be approved.

In California, state and local medical and/or adult use cannabis business licenses are renewed annually. Each year, licensees are required to submit a renewal application per guidelines published by BCC. While renewals are annual, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, Jushi plans to receive the applicable renewed license in the ordinary course of business. While Jushi’s compliance controls are designed to mitigate the risk of any material violations of a license arising, there is no assurance that Jushi’s licenses will be renewed in the future or in a timely manner. Any unexpected denials, or delays or costs associated with the licensing renewal process, could impede the ongoing or planned operations of Jushi and have a material adverse effect on Jushi’s business, financial condition, results of operations or prospects.

License and Regulations

Adult use retailer licenses permit the sale of cannabis and cannabis products to any individual age 21 years of age or older who do not possess a physician’s recommendation. If such licenses are issued to Jushi, it expects to be permitted to sell adult use cannabis and cannabis products to any domestic and international qualified customer, provided that the customer presents a valid government-issued photo identification. Jushi maintains an open, transparent and collaborative relationship with the BCC and local-level cannabis regulators.

The medicinal retailer licenses permit the sale of medicinal cannabis and cannabis products for use pursuant to the CUA, found at Section 11362.5 of the Health and Safety Code, by a medicinal cannabis

patient in California who possesses a physician's recommendation. Only certified physicians may provide medicinal marijuana recommendations. Jushi maintains an open, transparent and collaborative relationship with the BCC and local-level cannabis regulators.

The adult use and medicinal cultivation licenses permit cannabis cultivation activity which means any activity involving the planting, growing, harvesting, drying, curing, grading or trimming of cannabis. Such licenses further permit the production of a limited number of non-manufactured cannabis products and the sales of cannabis to certain licensed entities within the state of California for resale or manufacturing purposes.

The adult use and medicinal distribution licenses permit cannabis related distribution activity which means the procurement, sale, and transportation of cannabis and cannabis products between licensed entities. Distribution activity is expected to be permissible to and from certain Jushi and non-Jushi licensees.

In the state of California, only cannabis that is grown in the state can be sold in the state. Although California is not a vertically integrated system, Jushi endeavors to become vertically integrated with the capabilities to cultivate, harvest, process and sell/dispense/deliver cannabis and cannabis products in the state of California. Once appropriately licensed, Jushi will be permitted to make wholesale purchases of cannabis from, or a distribution of cannabis and cannabis product to, another licensed entity within the state.

Reporting Requirements

The state of California has selected Franwell Inc.'s METRC solution ("METRC") as the state's track-and trace ("T&T") system used to track commercial cannabis activity and movement across the distribution chain ("Seed-to-sale"). The METRC system is in the process of being implemented state-wide but has not been released. When operational, the system will allow for other third party system integration via application programming interface.

Operating Procedure Requirements

Applicants must submit standard operating procedures describing how the operator will, among other requirements, secure the facility, manage inventory, comply with Seed-to-sale requirements, dispense cannabis, and handle waste, as applicable to the license sought. Once the standard operating procedures are determined compliant and approved by the applicable state regulatory agency, the licensee is required to abide by the processes described and seek regulatory agency approval before any changes to such procedures may be made. Licensees are additionally required to train their employees on compliant operations and are only permitted to transact with other legal and licensed businesses.

Compliance Procedures

Jushi and its subsidiaries do not currently have internal personnel monitoring its day-to-day activity as there are no active licenses or operations in California; however, should Jushi receive approvals from state and/or local licensing authorities in California regarding changes of ownership or control of target operators, particularly in Southern California, Jushi plans to enlist internal compliance personnel to monitor its day-today activities, to ensure that the established standard operating procedures are being followed. Jushi has retained local counsel to monitor its compliance with U.S. state law and will continue to engage them as needed to provide legal and risk mitigation guidance regarding California's complex regulatory framework.

Site-Visits & Inspections

Applicants are not able to obtain or maintain state licensure and thus engage in commercial cannabis activities in the state of California, without satisfying and maintaining compliance with state and local law. As a condition of state licensure, operators must consent to random and unannounced inspections of the commercial cannabis facility as well as all of the facility's books and records to monitor and enforce compliance with state law. Many localities have also enacted similar standards for inspections, and the state has already commenced site-visits and compliance inspections for operators who have received state temporary or annual licensure.

Storage and Security

To ensure the safety and security of cannabis business premises and to maintain adequate controls against the diversion, theft, and loss of cannabis or cannabis products, Jushi will be required to:

1. maintain a fully operational security alarm system;

2. contract for security guard services;

3. maintain a video surveillance system that records continuously 24 hours a day;

4. ensure that the facility's outdoor premises have sufficient lighting;

5. not dispense from its premises outside of permissible hours of operation;

6. store cannabis and cannabis product only in areas per the premises diagram submitted to the state of California during the licensing process;

7. store all cannabis and cannabis products in a secured, locked room or a vault;

8. report to local law enforcement within 24 hours after being notified or becoming aware of the theft, diversion, or loss of cannabis; and

9. ensure the safe transport of cannabis and cannabis products between licensed facilities, maintain a delivery manifest in any vehicle transporting cannabis and cannabis products. Only vehicles registered with the BCC, that meet BCC distribution requirements, are to be used to transport cannabis and cannabis products.

Colorado

Colorado Regulatory Landscape

Colorado has both medical and adult use marijuana programs. In 2000, voters passed Amendment 20 to the Colorado Constitution, a medical marijuana law creating a patient/caregiver system that permits

physicians to recommend cannabis for an inclusive set of qualifying conditions including chronic pain and allows cultivation of a limited number of plants by patients and caregivers for medical use. In 2010, Colorado became the first state in the country to legitimize its existing cannabis businesses by passing a for-profit cannabis business legislation through the legislature, establishing a state and local licensing and regulatory structure for medical marijuana centers, cultivations, and manufacturers. Colorado voters subsequently passed adult use marijuana legalization by voter initiative in 2012 with Amendment 64 of the Colorado Constitution, and the first adult use marijuana businesses opened in 2014. The Marijuana Enforcement Division, a subdivision of the Colorado Department of Revenue, regulates and licenses both medical and adult use marijuana businesses in the state along with applicable local regulatory authorities. Separate medical and adult use licenses are issued for: cultivation, product manufacturing and extraction, retail sales, off-storage premises facilities, transportation, management company/operators, testing and delivery. In addition, the state issues occupational licenses for owners and employees of marijuana businesses. There are no limits on the number of licenses issued statewide, but localities can and generally do prohibit or otherwise regulate the number of establishments within their jurisdiction.

Colorado Licenses

Neither Jushi nor its subsidiaries currently hold medical or adult use cannabis business licenses in the state of Colorado. Jushi, through its subsidiaries, is in discussions with one or more target operators and should the parties enter into definitive acquisition agreements, Jushi will apply for approval by state and local licensing authorities in Colorado regarding changes of ownership or control of such operators. There is no guarantee that any of these applications will be approved.

Illinois

Illinois Regulatory Landscape

The Compassionate Use of Medical Cannabis Pilot Program Act (the “IL Act”) was signed into law in August 2013 and took effect on January 1, 2014 and was designated a permanent program (no longer a “pilot” program) on August 12, 2019. The IL Act provides medical cannabis access to registered patients who suffer from a list of over 30 medical conditions including epilepsy, cancer, HIV/AIDS, Crohn’s disease and post-traumatic stress disorder. As of August 31, 2019, approximately 83,345 patients have been registered under the IL Act and are qualified to purchase cannabis and cannabis products from registered dispensaries.

Illinois Licenses

Neither Jushi nor its subsidiaries currently hold medical or adult use cannabis business licenses in the state of Illinois. Jushi, through its subsidiaries, has applied to apply for approval by state licensing authorities in Illinois regarding changes of ownership or control of a target operator. Additionally, Jushi, through its subsidiaries and potentially local partners, is assessing and preparing to apply for adult use licenses as part of the state’s initial application process underway. There is no guarantee that any of these applications will be approved.

License and Regulations

Oversight and implementation under the IL Act are divided among three Illinois state departments: the Department of Public Health (the “IDPH”), the Department of Agriculture (the “IDA”), and the Department of Financial and Professional Regulation (the “IDFPR”). The IDPH oversees the following IL Act mandates:

(a) establish and maintain a confidential registry of caregivers and qualifying patients authorized to engage in the medical use of cannabis, (b) distribute educational materials about the health risks associated with the abuse of cannabis and prescription medications, (c) adopt rules to administer the patient and caregiver registration program, and (d) adopt rules establishing food handling requirements for cannabis-infused products that are prepared for human consumption. It is the responsibility of the IDA to enforce the provisions of the IL Act relating to the registration and oversight of cultivation centers. The IDFPR enforces the provisions of the IL Act relating to the registration and oversight of dispensing organizations. The IDPH, IDA and IDFPR may enter into intergovernmental agreements, as necessary, to carry out the provisions of the IL Act.

The IL Act requires prospective cannabis business license holders to adhere to a thorough application process. Applicants for cannabis business licenses must meet, among others, the following requirements: (a) the proposed location for a dispensary must be suitable for public access, (b) the proposed location must not pose a detrimental impact to the surrounding community, (c) demonstrate compliance with safety procedures for dispensary employees, patients, and caregivers, and safe delivery and storage of cannabis and currency, (d) provide an adequate plan for recordkeeping, tracking and monitoring inventory, quality control, destruction and disposal of cannabis, and procedures to discourage unlawful activity, (e) develop a business plan specifying products to be sold and, (f) demonstrate knowledge of, experience, and proven record of ensuring optimal safety and accuracy in the dispensing and sale of cannabis. Once a license is granted, licensees have a continuing obligation to ensure no cannabis is sold, delivered, transported, or distributed to a location outside of the state. Under the IL Act, dispensary, grower, and processing licenses are valid for one year. After the initial term, licensees are required to submit renewal applications. Pursuant to the IL Act, registration renewal applications must be received 45 days prior to expiration and may be denied if the licensee has a history of non-compliance and penalties.

Storage and Security

A dispensing organization's agent-in-charge has primary oversight of the dispensing organization's medical cannabis inventory control system. Under the IL Act, a dispensary's inventory control system must be real-time, web-based, and accessible by the IDFPR 24 hours a day, seven days a week.

The inventory control system of a dispensing organization must record all cannabis sales, waste, and acquisitions. Specifically, the inventory system must track and reconcile through the T&T system each day's cannabis beginning inventory, acquisitions, sales, disposal and ending inventory. Tracked information must include (a) product descriptions including the quantity, strain, variety and batch number of each product received, (b) the name and registry identification number of the permitted cultivation center providing the medical cannabis, (c) the name and registry identification number of the permitted cultivation center agent delivering the medical cannabis, (d) the name and registry identification number of the dispensing organization agent receiving the medical cannabis, and (e) the date of acquisition. Dispensary managers are tasked with conducting and documenting monthly audits of the dispensing organization's daily inventory according to generally accepted accounting principles.

Storage of cannabis and cannabis product inventory is also regulated by the IL Act. Inventory must be stored on the dispensary's licensed premises in a restricted access area. Appropriate storage temperatures, containers, and lighting are required to ensure the quality and purity of cannabis inventory is not adversely affected.

Under the IL Act, dispensaries must implement security measures to deter and prevent entry into and theft from restricted access areas containing either cannabis or currency. Mandated security measures include

security systems, panic alarms, and locked doors or barriers between the facility's entrance and limited access areas. Admission to the limited access areas must be restricted to only registered qualifying patients, designated caregivers, principal officers, and agents conducting business with the dispensing organization. Visitors and persons conducting business with the dispensing organization in limited access areas must always wear identification badges and be escorted by a dispensary agent authorized to enter the restricted access area. A visitor's log must not only be kept on-site but must also be maintained for five years.

The IL Act states 24-hour video surveillance of both a dispensary's interior and exterior are required to be taken and kept for at least 90 days. Unless prohibited by law, video of all interior dispensary areas, including all points of entry and exit, safes, sales areas, and storage areas must be kept. Unobstructed video of the dispensary's exterior perimeter, including the storefront and the parking lot, must also be kept. Video surveillance cameras are required to be angled to allow for facial recognition and the capture of clear and certain identification of any person entering or exiting the dispensary area. Additionally, all video must be taken in lighting sufficient for clear viewing during all times of night or day. The IL Act also requires all security equipment to be inspected and tested within regular 30-day intervals.

Reporting Requirements

Illinois uses the BioTrack THC T&T system to manage the flow of reported data between each licensee and the state. Information processed through the T&T system must be maintained in a secure location at the dispensing organization for five years. Dispensing licensees are mandated by the IL Act to maintain records electronically and make them available for inspection by the IDFPR upon request. Records that must be maintained and made available, as described in the IL Act, include: (a) operating procedures, (b) inventory records, policies, and procedures, (c) security records, and (d) staffing plans. All dispensing organization records, including business records such as monetary transactions and bank statements, must be kept for a minimum of three years. Records of destruction and disposal of all cannabis not sold, including notification to the IDFPR and state police, shall be retained at the dispensary organization for a period of not less than five years.

Nevada

Nevada Regulatory Landscape

Medical marijuana use was legalized in Nevada by a ballot initiative in 2000. In November 2016, voters in Nevada passed an adult use marijuana measure to allow for the sale of adult use marijuana in the state. The first dispensaries to sell adult use marijuana began sales in July 2017. The DOT is the regulatory agency overseeing the medical and adult use cannabis programs. Similar to California, cities and counties in Nevada are allowed to determine the number of local marijuana licenses they will issue.

Nevada Licenses

Neither Jushi nor its subsidiaries currently hold medical or adult use cannabis business licenses in the state of Nevada. Jushi, through its subsidiaries, has applied or intends to apply for approval by both state and local licensing authorities in Nevada regarding changes of ownership or control of target operators, particularly in the city of North Las Vegas. Jushi, through its subsidiaries, is a permitted "marijuana support

business" in the city of North Las Vegas. There is no guarantee that any of these applications will be approved.

All establishments subject to state licensing must register with DOT. If applications contain all required information and after vetting by officers, establishments are issued a medical marijuana establishment registration certificate. In a local governmental jurisdiction that issues business licenses, the issuance by DOT of a medical marijuana establishment registration certificate is considered provisional until the local government has issued a business license for operation and the establishment is in compliance with all applicable local governmental ordinances. Final registration certificates are valid for a period of one year and are subject to annual renewals after required fees are paid and the business remains in good standing. Renewal requests are typically communicated through email from DOT and include a renewal form. The renewal periods serve as an update for DOT on the licensee's status toward active licensure. Importantly, provisional licenses do not permit the operation of any commercial or medical cannabis activity. Only after a provisional licensee has gone through necessary state and local inspections, if applicable, and has received a final registration certificate from DOT may an entity engage in cannabis business operation.

License and Regulations

In the state of Nevada, only cannabis that is grown in the state can be sold in the state. Although Nevada is not a vertically integrated system, Jushi endeavors to become vertically integrated with the capabilities to cultivate, harvest, process and sell/dispense/deliver cannabis and cannabis products in the state of Nevada. Once appropriately licensed, the state will allow Jushi to make wholesale purchases of cannabis from, or a distribution of cannabis and cannabis product to, another licensed entity within the state.

Retail dispensary licenses and registration certificates permit a license holder to purchase marijuana from cultivation facilities, marijuana and marijuana products from product manufacturing facilities and marijuana from other retail stores and allows the sale of marijuana and marijuana products to consumers.

Medical cultivation licenses permit a license holder to acquire, possess, cultivate, deliver, transfer, have tested, transport, supply or sell marijuana and related supplies to medical marijuana dispensaries, facilities for the production of edible medical marijuana products and/or medical marijuana-infused products, or other medical marijuana cultivation facilities. One must have a final medical registration certificate in order to apply for adult use status.

The medical product manufacturing license permits a license holder to acquire, possess, manufacture, deliver, transfer, transport, supply, or sell edible marijuana products or marijuana infused products to other medical marijuana production facilities or medical marijuana dispensaries. One must have a final medical registration certificate in order to apply for adult use status.

Reporting Requirements

The state of Nevada uses METRC as the state's computerized T&T system used to track Seed-to-sale. Individual licensees whether, directly or through third party integration systems, are required to push data to the state to meet all reporting requirements. Jushi's chosen Seed-to-sale system will capture the required data points for cultivation, manufacturing and retail as required in Nevada Revised Statutes section 453A and 453D.

Compliance Procedures

Jushi and its subsidiaries do not currently have internal personnel monitoring its day-to-day activity as there are no active licenses or operations in Nevada; however, should Jushi receive approvals from state and/or local licensing authorities in Nevada regarding changes of ownership or control of target operators, particularly in North Las Vegas, Jushi plans to enlist internal compliance personnel to monitor its day today activities, to ensure that the established standard operating procedures are being followed. Jushi has retained local counsel to seek to ensure its compliance with applicable Nevada state law.

Storage and Security

To ensure the safety and security of cannabis business premises and to maintain adequate controls against the diversion, theft, and loss of cannabis or cannabis products, Jushi will be required to do the following:

1. be an enclosed, locked facility;

2. have a single secure entrance;

3. train employees in security measures and controls, emergency response protocol, confidentiality requirements, safe handling of equipment, procedures for handling products, as well as the differences in strains, methods of consumption, methods of cultivation, methods of fertilization and methods for health monitoring;

4. install security equipment to deter and prevent unauthorized entrances, which includes:

    a. devices that detect unauthorized intrusion which may include a signal system;

    b. exterior lighting to facilitate surveillance;

    c. electronic monitoring including, without limitation:

        i. at least one call-up monitor that is 19 inches or more;

        ii. a video printer capable of immediately producing a clear still photo from any video camera image;

        iii. video cameras with a recording resolution of at least 704 x 480 which provide coverage of all entrances to and exits from limited access areas and all entrances to and exits from the building and which can identify any activity occurring in or adjacent to the building;

        iv. a video camera at each point-of-sale location which allows for the identification of any person who holds a valid registry identification card, including, without limitation, a designated primary caregiver, purchasing medical marijuana;

        v. a video camera in each grow room that can identify any activity occurring within the grow room in low light conditions;

vi. a method for storing video recordings from the video cameras for at least 30 calendar days;

vii. a failure notification system that provides an audible and visual notification of any failure in the electronic monitoring system;

viii. sufficient battery backup for video cameras and recording equipment to support at least five (5) minutes of recording in the event of a power outage; and

ix. a security alarm to alert local law enforcement of unauthorized breach of security; and

5. implement security procedures that:

   a. restrict access of the establishment to only those persons/employees authorized to be there;

   b. deter and prevent theft;

   c. provide identification (badge) for those persons/employees authorized to be in the establishment;

   d. prevent loitering;

   e. require and explain electronic monitoring; and

   f. require and explain the use of automatic or electronic notification to alert local law enforcement of an unauthorized breach of security.

New Jersey

New Jersey Regulatory Landscape

New Jersey's medical cannabis program was introduced in January 2010 when then Governor Corzine signed the New Jersey Compassionate Use Medical Marijuana Act into law. The New Jersey Compassionate Use Medical Marijuana Act legalized medical cannabis for patients with certain qualifying conditions.[71] The first sales were made to patients in December 2012, and as of mid-2019, there were six licensed and operational Alternative Treatment Centers ("ATCs") dispensing medical cannabis to patients.[72]

In March 2018, under the direction of Governor Phil Murphy, who campaigned on a platform that included cannabis legalization, the New Jersey Department of Health ("NJDOH") issued the Executive Order 6 Report, which immediately expanded the medical cannabis program in numerous ways including adding

[71] "New Jersey Compassionate Use Medical Marijuana Act." NJLeg.State.NJ.US, New Jersey Legislature, Retrieved at www.njleg.state.nj.us/2008/Bills/PL09/307_.htm.
[72] "The Department of Health Medicinal Marijuana Program 2013 Biennial Report." NJ.Gov, New Jersey Department of Health, Feb. 2014, www.nj.gov/health/medicalmarijuana/documents/biennial_report.pdf.

chronic pain and anxiety as qualifying conditions, doubling the monthly product limit, and permitting current licensees to open satellite dispensaries. In August 2018, the NJDOH began accepting applications for the licensing of six additional ATCs, and those licenses were awarded in December 2018. In August 2019, the NJDOH accepted applications for the licensing of 24 additional ATCs, divvied among three regions (northern, central, southern) and three forms of endorsements (cultivation, dispensary, vertically integrated).

Licenses and Regulations

Jushi, through its subsidiary, has applied for a vertically integrated ATC license allowing for the cultivation, processing, and dispensing of medical cannabis products. There is no guarantee that this application will be approved.

Compliance Procedures

Jushi and its subsidiaries do not currently have any internal personnel monitoring its day-to-day activity as there are no active cannabis licenses or operations in New Jersey; however, should Jushi's subsidiary receive approvals from state and/or local licensing authorities in New Jersey regarding its application for a vertically integrated ATC license, Jushi plans to enlist internal compliance personnel to monitor its day-today activities, to ensure that the established standard operating procedures are being followed. Jushi has retained local counsel to monitor its compliance with U.S. state law and will continue to engage them as needed to provide legal and risk mitigation guidance regarding New Jersey's complex regulatory framework.

Reporting Requirements

The reporting requirements for ATCs are governed by N.J.A.C. 8:64-4.3. The state of New Jersey allows ATCs to choose their method of electronic verification and a T&T system. The ATC must retain records for at least two years.

Storage and Security

The ATC will establish inventory controls and procedures for the conduct of inventory reviews and comprehensive inventories of cultivating, stored, usable and unusable cannabis. The ATC will conduct a monthly inventory of cultivating, stored, usable and unusable cannabis. The ATC is required to have a T&T for tracking inventory and dispensing cannabis products to patients. The ATC is authorized to possess two ounces of usable cannabis per registered qualifying patient plus an additional supply, not to exceed the amount needed to enable the alternative treatment center to meet the demand of newly registered qualifying patients.

Per regulatory requirements an ATC, at a minimum, must (a) establish inventory controls and procedures for the conduct of inventory reviews and comprehensive inventories of cultivating, stored, usable and unusable cannabis, (b) conduct a monthly inventory of cultivating, stored, usable and unusable cannabis, (c) perform a comprehensive inventory inspection at least once every year from the date of the previous comprehensive inventory, and (d) promptly transcribe inventories taken by use of an oral recording device. If cannabis is disposed of, the ATC must maintain a written record of the date, the quantity disposed of, the manner of disposal and the persons present during the disposal, with their signatures. ATCs must keep disposal records for at least two years. Results of the inventory inspection should document the date of the inventory review, a summary of the inventory findings and the name, signature and title of the individuals who conducted the inventory inspection.

The ATC shall limit access to medicinal cannabis storage areas to the minimum number of specifically authorized employees. In the event non-employee maintenance personnel, business guests or visitors to be present in or pass through medicinal cannabis storage areas, the ATC must have a dedicated person who is specifically authorized by policy or job description to supervise the activity. The ATC must ensure that the storage of usable cannabis prepared for dispensing to patients is in a locked area with adequate security.

The ATC is required to implement effective controls and procedures to guard against theft and diversion of cannabis including systems to protect against electronic records tampering. At a minimum, every ATC must (a) install, maintain in good working order and operate a safety and security alarm system that provides suitable protection 24 hours a day, seven days a week against theft and diversion, (b) immediately notifies the state or local police agencies of an unauthorized breach of security. An ATC must conduct maintenance inspections and tests of the security alarm system at intervals not to exceed 30 days from the previous inspection.

A video surveillance system must be installed and operated to clearly monitor all critical control activities of the ATC and must operate in good working order at all times. The ATC must provide two monitors for remote viewing via telephone lines to the NJDOH offices. This security system must be approved by State of New Jersey's Medicinal Marijuana Program prior to permit issuance. The original tapes or digital pictures produced by the system must be stored in a safe place for a minimum of 30 days.

New York

New York Regulatory Landscape (Marijuana)

In 2014, the New York Legislature passed the *Compassionate Care Act* (the "CCA") creating a comprehensive medical cannabis program. The CCA was signed by the Governor in July 2014 and codified in the state's Public Health Law. The DOH promulgated regulations enacting the legislation and also administers the medical cannabis program.

In its current form, the CCA and related regulations restrict patients qualified to use medical cannabis, practitioners authorized to recommend medical cannabis, permissible forms of medical cannabis and the number of medical cannabis producers. Currently, ten (10) companies, or ROs, are licensed to cultivate, manufacture and dispense medical cannabis in New York. Each RO must be fully vertically integrated and may operate a cultivation/manufacturing facility and four dispensing facilities under a single license. The first five (5) ROs were authorized in late July 2015 and were operational in early January 2016. An additional five (5) ROs were authorized in mid-2017.

License and Regulations (Marijuana)

In New York, all medical cannabis must be grown, manufactured and dispensed by an RO. ROs may be for-profit or not-for-profit entities, but in either case, must be organized for the purpose of acquiring, possessing, manufacturing, selling, delivering, transporting, distributing or dispensing marijuana for a certified medical use.

Each RO must be vertically integrated and may operate a cultivation/manufacturing facility and four dispensaries.[73] Cultivation, manufacturing and dispensing are restricted to indoor, enclosed and secure facilities within the State, which may include greenhouses, but no medical cannabis may be dispensed from a cultivation or manufacturing facility.[74] Every RO is required to contract with a certified independent laboratory for analytical testing of all medical cannabis products[75] and to enter into an agreement with a labour union agreeing that it will not oppose unionization of its workforce.

ROs are only allowed to sell approved products, which consist of approved brands[76] in approved administration forms.[77] ROs may only sell approved products: (i) at their owned and operated dispensaries, or (ii) by delivering such products to patient's homes pursuant to a DOH-approved delivery plan. Over the last twelve (12) to fifteen (15) months, New York has slowly started allowing ROs to wholesale to one another. While proposed legislation that would expand the medical cannabis program and authorize adult use in New York retains the CCA's vertical integration mandate for ROs, it does contemplate both a continued and expanded wholesale practice among ROs. Under the CCA, DOH sets product prices for each RO on an individual basis taking into consideration actual costs. The agency also strictly regulates all forms of marketing.

Licenses are valid for two years. DOH is required to grant renewal licenses unless it determines that an RO would: (i) be unlikely to maintain or be able to maintain effective controls against diversion; (ii) be unlikely to comply with all State laws applicable to the activities in which it may engage as an RO; (iii) not be in the public interest to renew the license because the number of ROs is excessive; or (iv) the RO violated or terminated its labor peace agreement.

Compliance Procedures

Jushi and its subsidiaries do not currently have any internal personnel monitoring its day-to-day activity as there are no active cannabis licenses or operations in New York; however, should Jushi receive approvals from state and/or local licensing authorities in New York regarding changes of ownership or control of target operators, Jushi plans to enlist internal compliance personnel to monitor its day-today activities, to ensure that the established standard operating procedures are being followed. Jushi has retained local counsel to monitor its compliance with U.S. state law and will continue to engage them to provide legal and risk mitigation guidance regarding New York's complex regulatory framework.

Reporting Requirements

[73] It is possible under the CCA for a RO to operate more than one cultivation and manufacturing facility but to the extent an RO has multiple cultivation and manufacturing facilities, those facilities cannot be specialized (*i.e.* one facility used exclusively for cultivation and another used exclusively for processing or manufacturing).
[74] Dispensing from a cultivation or manufacturing facility would be permissible under proposed legislation.
[75] Currently, there are no certified laboratories in New York State. Consequently, all analysis must be performed at the DOH Wadsworth Laboratory.
[76] Each RO may produce up to five (5) brands, each of which may be produced in multiple administration forms. At a minimum, each RO must have a high CBD-low THC brand and a brand with approximately equal amounts of THC and CBD.
[77] The following administration forms are permissible in New York: metered liquid or oil preparations; solid and semisolid preparations (e.g. capsules, chewable and effervescent tablets, lozenges); metered ground plant preparations; and topical forms and transdermal patches; medical marijuana may not be incorporated into food products without special approval and no smoking is permitted).

Every RO is required to track medical cannabis on a Seed-to-sale basis using State-provided BioTrack THC software and to separately enter each sale into the State Prescription Monitoring Program. Additional reporting at the discretion of DOH may also be required.

Storage and Security

New York State has imposed stringent standards for cannabis storage and security to maintain controls against the diversion, theft and loss of cannabis and cannabis products. Such requirements include:

1. facility security system with backup alarm system;
2. illuminated perimeter and installation and maintenance of a perimeter alarm;
3. installation and maintenance of motion detectors;
4. installation and maintenance of video cameras in all areas that may contain cannabis and at all points of sale, entry and exit from all facilities with 24-hour recording;
5. installation and maintenance of a duress alarm;
6. installation and maintenance of a holdup alarm;
7. installation and maintenance of an automatic voice or digital dialer;
8. a failure notification system for each facility's security system;
9. ability to immediately produce clear color photos from any video camera or export of still image in industry standard digital format;
10. a date and time stamp on all recordings;
11. ability to remain operational during a power outage;
12. installation of safes and vaults (facility dependent specifications); and
13. detailed security measures plan (including, but not limited to, access restrictions by facility to essential employees; inventory management protocols; visitor reporting and identification; coordination with law enforcement).

New York Regulatory Landscape (Industrial Hemp)

In December 2014, New York State enacted legislation authorizing a research-based industrial hemp program pursuant to authority granted in the U.S. Agricultural Act of 2014. In 2015, the state launched the Industrial Hemp Agricultural Research Pilot Program. The Program is regulated by the DA&M.

Initially, New York allowed a limited number of educational institutions to grow industrial hemp and conduct hemp-related research. In July 2017, the state eliminated a strict cap on the number of sites authorized to

participate in the Program, expanded Program eligibility to include farmers and other private-sector businesses, and established industrial hemp as an agricultural commodity under New York law.

New York's industrial hemp law and associated regulations have not kept pace with practical Program developments, including those described above. Rather than amend the law or engaging in rulemaking, regulation of hemp licensees is largely effectuated through compulsory RPAs between licensees and the state.

New York License

Neither Jushi nor its subsidiaries are currently authorized as a RO in New York State or hold any licenses issued under the CCA.

In December 2018, the state opened an application period for "hemp cannabis," or industrial hemp grown and processed for cannabinoid content, and particularly for CBD. Jushi, through its subsidiary Sound Wellness, applied for a New York hemp cannabis processor license during this application period. DA&M approved the application and granted Sound Wellness a hemp processor license in January 2019 (the "Hemp Processor License"). No additional or supplemental licensing is required for Sound Wellness to operate pursuant to the authority granted in its Hemp Processor License. To date, Sound Wellness has not commenced operations.

The Hemp Processor License will remain in force for a three-year period. New York is in the process of consolidating and restructuring its cannabis laws and regulations, including those governing hemp cannabis. The precise parameters of the renewal procedure have not yet been determined. At this time, Jushi has no reason to believe that the current standards for renewal, which focus on timely submission of complete application materials and regulatory compliance, will materially change. In this respect, Jushi would expect Sound Wellness's Hemp Processor License to be renewed in the ordinary course of business. While Jushi's compliance controls are designed to mitigate the risk of any material violations of a license arising, there is no assurance that the license will be renewed in a timely manner at any point in the future. Any unexpected denial, delay or cost associated with the licensing renewal process could impede the ongoing or planned operations of Sound Wellness, which may have a material adverse effect on Jushi's business, financial condition, results of operation or prospects.

License and Regulations (Industrial Hemp)

Under New York law and the Hemp Processor License, Sound Wellness has authority to produce, possess, transport, sell and distribute hemp cannabis and products derived therefrom, including CBD, either within or outside New York State to the full extent described in the company's Hemp Processor License application.

Sound Wellness is specifically authorized to extract CBD from industrial hemp biomass, and to manufacture and sell a number of dietary supplement-grade consumer products, including: tinctures, soft gels, lotions, transdermal patches, dissolving films, dissolving tablets, dissolving powders and sports drinks (each at various strengths).

The RPA between Sound Wellness and the state requires Sound Wellness to source industrial hemp from licensed New York industrial hemp growers to the extent practicable. To this end, Sound Wellness purchased New York-grown industrial hemp biomass produced in 2018 and is has an option to purchase New York-grown biomass produced during the 2019 growing season.

Once Sound Wellness is operational and takes possession of industrial hemp biomass, it will have a continuing obligation to ensure any biomass in its possession has a concentration of 0.3 percent THC or less, and to destroy any biomass testing in excess of that threshold.

Prior to selling any industrial hemp or CBD product, Sound Wellness must demonstrate to DA&M, through third party certification, that its manufacturing processes conform to GMP standards at the dietary supplement level and test products by lot for cannabinoid profile, solvents, pesticides, heavy metals, bacteria and molds.

As a condition of the Hemp Processor License, Sound Wellness must permit on-site inspection of any and all facilities by the state at any time, with or without notice, and allow the state to sample industrial hemp biomass or any products derived therefrom. Any industrial hemp biomass or product that fails to meet testing requirements must be destroyed. If such failure is discovered by Sound Wellness, Sound Wellness will have an obligation to self-report to DA&M and to destroy the biomass or product at issue. If the failure is discovered by the state, the state may seize, destroy or order Sound Wellness to destroy the biomass or product at issue.

Reporting Requirements (Industrial Hemp)

New York does not require any formal, real-time tracking for compliance, inventory management or for any other purpose beyond what is necessary to obtain and maintain GMP certification. However, licensees are required to create and maintain records on-site setting forth accurate inventory levels, THC testing results, all industrial hemp biomass/related product transactions and disposals. Such records must be available for inspection at all times.

Pursuant to New York law and regulation, Sound Wellness timely notified law enforcement units with jurisdiction in the area of its processing plant within fifteen (15) after its Hemp Processor License was issued. Thereafter Sound Wellness timely notified DA&M that such notification was made.

Under the RPA, Sound Wellness will be required to report transactions involving industrial hemp and products derived therefrom three months after issuance of the Hemp Processor License. Thereafter, the company will be required to file annual reports summarizing the results of its research (described below) and disclose data respecting the sale, distribution, transportation and processing of industrial hemp and industrial hemp products, including, for example, the variety(ies) of hemp used in processing, the amount of hemp acquired and processed, the disposition and use of hemp and the economic viability of the operation.

Because New York's hemp law was enacted pursuant to authority granted in the 2014 Farm Bill, research remains central to the Program and licensees are required to conduct research as a condition of licensure. To that end, Sound Wellness proposed the following two (2) research objectives upon which it must report on an annual basis during the term of its license:

> **Processing** – Sound Wellness will research the extraction and refinement of hemp-derived cannabinoids to better understand how to create compounds with higher yields of specific cannabinoids. Specifically, Sound Wellness will assess how traditional plant extraction (e.g. fruit extracts) compares to industrial hemp extraction in terms of yield, cost and throughput times.

Product Shelf Life – Sound Wellness will research the stable shelf life of hemp-derived CBD products in a medium chain triglyceride oil. Currently there is little data on how long industrial hemp extracts are shelf-stable and what rate the CBD content of such extracts degrades over time and through exposure to ambient light.

Under the RPA, the state has a perpetual, royalty-free, non-exclusive and irrevocable right to reproduce, publish or otherwise use, and to authorize others to use, data and material Sound Wellness is required to report to DA&M and, the results and accomplishments Sound Wellness achieves in connection with its research and as otherwise described above. However, all right, title and interest to any intellectual property developed by Sound Wellness in the course of its operations vests exclusively in Sound Wellness.

Compliance Procedures

In New York, Jushi enlists its internal compliance personnel, whose responsibilities include monitoring the day-to day activities of its hemp processor, Sound Wellness, ensuring that the established standard operating procedures are being followed, identifying any non-compliance matters and putting into place the necessary modifications to ensure that the established standard operating procedures are being followed. Jushi has retained local counsel to seek to ensure its compliance with applicable New York state law.

Storage and Security (Industrial Hemp)

Under DA&M regulations, industrial hemp and industrial hemp products may only be possessed by properly authorized persons (whether individuals or business entities) at a registered premises. For Program purposes, a “registered premises” is any facility, location or property owned, leased or licensed, and both: (i) under the control of a license holder, and (ii) certified as a site where industrial hemp may be grown, cultivated, harvested, stored, studied or disposed of. Access to a registered premises must be restricted to authorized persons. Industrial hemp may only be transported in an enclosed, locked compartment of a truck or van where it cannot be seen from the outside of the vehicle. The contents of the vehicle cannot be disclosed to the public and the driver must be approved by the licensee to transport industrial hemp and their identity must be disclosed to DA&M.

Signs around registered premises must be posted and must state, in readily observable block letters:

> NO TRESPASSING. FACILITY CONTAINS INDUSTRIAL HEMP. UNAUTHORIZED POSSESSION OF INDUSTRIAL HEMP IS SUBJECT TO PROSECUTION PURSUANT TO ARTICLE 220 OF THE PENAL LAW.

Other equipment, including, by example, fencing reasonably designed to prevent unauthorized persons from entering a registered premises or having their presence in a registered premises undetected is suggested but not required. No additional security measures are mandated, except that licensees must certify that they will take steps to ensure that industrial hemp and hemp derived products will not be acquired, possessed, grown, cultivated, harvested, stored, transported, distributed or disposed or except under conditions that ensure it will not be possessed or used in violation of RPA requirements.

Sound Wellness will fully satisfy the foregoing security requirements and will operate in accordance with the Security Measures Plan approved by DA&M. The Security Measures Plan provides, among other things, that the processing plant will have perimeter fencing with an access-controlled security gate and required signage, all building entrances/exits will be access controlled, all interior doors will be access controlled,

the building will be equipped with security systems, video surveillance will be installed, primary and backup communications will be available and employees will receive security training.
Currently, no security measures apply to finished or marketable products containing industrial hemp.

Ohio

Ohio Regulatory Landscape

The regulatory landscape for medical marijuana regulation in the state of Ohio is governed by 2016 House Bill 52330 (the "OH MM Law") and the Ohio Administrative Code. On September 8, 2016, the Ohio Legislature passed the OH MM Law authorizing the use of marijuana for medical purposes. The primary regulatory authority in Ohio depends on the license type and includes the Medical Marijuana Control Program which is overseen by the Ohio Department of Commerce (the "OHDOC"), the Ohio Board of Pharmacy (the "OHBOP") and the Ohio Medical Board (the "OH Medical Board" and, together with the OHDOC and the OHBOP, the "OH Marijuana Authorities").

The medical marijuana program in Ohio provides for four types of licenses: (a) cultivator, (b) processor, (c) dispensary and (d) testing laboratory.

Ohio Licenses

Neither Jushi nor its subsidiaries currently hold any medical cannabis business licenses in the state of Ohio. Jushi, through its subsidiaries, intends to apply for approval by both state and applicable local licensing authorities in Ohio regarding changes of ownership or control of a target processor. There is no guarantee that these applications will be approved.

License and Regulations

To be considered for approval of a processing license, the applicant must complete all mandated requirements. To obtain a certificate of operation for a processing facility, the prospective licensee must be capable of operating in accordance with Chapter 3796 of the Revised Code, the Medical Marijuana Control Program. Certificates of operation carry two-year terms. A certificate of operation will expire on the date identified on the certificate.

Storage and Security

Ohio has selected METRC as the T&T system. Individual licensees, whether directly or through third-party APIs, are required to push data to the state to meet all reporting requirements. A holder of a processing license must track and submit through the inventory tracking system any information the Ohio Department of Commerce determines necessary for maintaining and tracking medical cannabis extracts and products.

A holder of a processing license must conduct weekly inventory of medical cannabis which includes:

- the date of the inventory;
- net weight of plant material and the net weight and volume of medical cannabis extract;
- net weight and unit count of medical cannabis products prepared or packaged for sale to a dispensary; and
- a summary of the inventory findings.

On an annual basis and as a condition for renewal of a processing license, a holder of a processing license shall conduct a physical, manual inventory of plant material, medical cannabis extract, and medical cannabis products on hand at the processor and compare the findings to an annual inventory report generated using the inventory tracking system. A holder of a processing license must store plant material, medical cannabis extract, and medical cannabis product inventory on the premises in a designated, enclosed, locked area and accessible only by authorized individuals.

All licensees must have a security system that remains operational at all times and that uses commercial grade equipment to prevent and detect diversion, theft or loss of medical cannabis, including:

- a perimeter alarm;
- motion detectors; and
- duress and panic alarms.

Video cameras at a processing facility must be directed at all approved safes, approved vaults, cannabis sales areas, and any other area where plant material, medical cannabis extract, or medical cannabis products are being processed, stored or handled. Video surveillance must take place 24 hours a day, seven days a week. Recordings from all video cameras during hours of operation must be readily available for immediate viewing by the OH Marijuana Authorities upon request and must be retained for at least six months.

Reporting Requirements

A holder of a processing license must maintain the following records:

- samples sent for testing;
- disposal of products;
- tracking of inventory;
- form and types of medical cannabis maintained at the processing facility on a daily basis;
- production records, including extraction, refining, manufacturing, packaging and labeling;
- financial records; and
- purchase invoices, bills of lading, manifests, sales records, copies of bills of sale, and any supporting documents, including the items and/or services purchased, from whom the items were purchased, and the date of purchase.

Pennsylvania

Pennsylvania Regulatory Landscape

The Pennsylvania Medical Marijuana Act ("PAMMA") was signed into law on April 17, 2016 under Act 16 and originally provided access to residents with one of 17 qualifying conditions, including epilepsy, chronic pain, and post-traumatic stress disorder. The Commonwealth of Pennsylvania, which consists of nearly 13 million residents and qualifies as the fifth largest population in the U.S., operates as a high-barrier market

with very limited market participation. The PAMMA authorizes only a maximum of 25 grower/processing permits and 50 dispensary permits. As part of "Phase 1" of the Commonwealth's permitting process in 2017, the Pennsylvania Department of Health ("PADOH"), which administers the Commonwealth's Medical Marijuana Program, originally awarded only 12 grower/processing permits and 27 dispensary permits. Subsequently, in 2018, PADOH conducted "Phase 2" of the permitting process, during which it awarded the remaining 13 grower/processing permits and 23 dispensary permits authorized under the PAMMA. In July of 2019, PADOH expanded the list of qualifying medical conditions to include anxiety disorders and Tourette syndrome, bringing the current total qualifying medical conditions to 23.

Pennsylvania Licenses

Jushi's subsidiaries, FBS-Penn, Franklin Bioscience – SW LLC, Franklin Bioscience – SE LLC, and Franklin Bioscience – NE LLC, collectively hold four dispensary permits, allowing for up to 12 medical marijuana retail dispensary locations in applicable regions within the Commonwealth.

License and Regulations

Each retail dispensary license permits the holder to purchase marijuana and marijuana products from grower/processing facilities and allows the sale of marijuana and marijuana products to registered patients.

Site-Visits & Inspections

Permittee dispensary locations must be inspected by PADOH prior to receiving approval from the PADOH to be authorized to begin dispensing. Spot-inspections may be performed at the dispensary at any time and without advance notice.

Reporting Requirements

The Commonwealth of Pennsylvania uses MJ Freeway as the state's computerized T&T system for Seed-to-sale reporting. Individual permittees are required to use MJ Freeway to push data to the Commonwealth to meet all reporting requirements. Jushi's subsidiaries use MJ Freeway as its in-house computerized Seed-to-sale software, which integrates with the Commonwealth's MJ Freeway program and captures the required data points for cultivation, manufacturing and retail as required in the Pennsylvania medical marijuana laws and regulations.

Virginia

Virginia Regulatory Landscape

Virginia legalized medical marijuana for the treatment of glaucoma and cancer as part of a sweeping overhaul of the state's drug laws in 1979. In 2015, state legislation provided an affirmative defense for the possession of cannabidiol or THC-A oil pursuant to a valid written certification for patient use of the oils from a physician to alleviate intractable epilepsy but made no provision for a patient to acquire these substances.

Legislation passed in 2016 and 2017 authorized five pharmaceutical processors, one in each Health Service Area, to produce and dispense these oils, under a permit issued by the Board of Pharmacy ("BOP"). Legislation in 2018 expanded the use of these oils to any diagnosed condition or disease, upon recommendation from any physician, and required that dispensing of these oils be reported to the

Prescription Monitoring Program ("PMP"), and that physicians request information from the PMP prior to issuing written certifications. As set forth in §54.1-3442.6 of the Code of Virginia, the Board may issue or renew in any year a maximum of five pharmaceutical processor permits, one for each health service area established by the Board of Health. Currently, the program only allows for two types of products, CBD oil and THC-A oil.

Virginia Licenses

Jushi's subsidiary, Dalitso, currently holds a 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.

License and Regulations

According to the BOP's emergency regulations in effect, an operational Pharmaceutical Processor permit is awarded once the following steps are completed: (1) Designation of a Pharmacist-in-Charge; (2) Evidence of criminal background checks for all employees and agents of the processor; (3) Evidence of utilization of an electronic tracking system; and (4) a satisfactory inspection of the facility conducted by the BOP or its agents.

The Pharmaceutical Processor permits allow the cultivation of cannabis plants, pursuant to § 54.1-3408.3 of the Code of Virginia, for the production of CBD oil and/or THC-A oil, and the dispensation of oils to patients registered by the BOP and who have obtained a written certification from a board-registered physician. Permits are renewed annually in accordance with BOP guidelines. There is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and regulatory requirements are met, the licensee would expect to receive the applicable renewed license in the ordinary course of business.

Under the terms of the Permit, the pharmaceutical processor shall dispense or deliver CBD oil or THC-A oil only in person to (i) a patient who is a Virginia resident, has been issued a valid written certification, and is registered with the Board pursuant to § 54.1-3408.3 or (ii) if such patient is a minor or an incapacitated adult as defined in § 18.2-369, such patient's parent or legal guardian who is a Virginia resident and is registered with the Board pursuant to § 54.1-3408.3.45.

Prior to the initial dispensing of each written certification, the pharmacist or pharmacy technician at the location of the pharmaceutical processor shall make and maintain for two years a paper or electronic copy of the written certification that provides an exact image of the document that is clearly legible; shall view a current photo identification of the patient, parent, or legal guardian; and shall verify current board registration of the practitioner and the corresponding patient, parent, or legal guardian. Prior to any subsequent dispensing of each written certification, the pharmacist, pharmacy technician, or delivery agent shall view the current written certification; a current photo identification of the patient, parent, or legal guardian; and the current board registration issued to the patient, parent, or legal guardian. No pharmaceutical processor shall dispense more than a 90-day supply for any patient during any 90-day period.

Allowable forms of medical cannabis in Virginia are limited to CBD oil and THC-A oil. "CBD oil" means a processed cannabis plant extract that contains at least 15 percent cannabidiol (CBD) but no more than five percent tetrahydrocannabinol (THC), or a dilution of the resin of the cannabis plant that contains at least five milligrams of CBD per milliliter but not more than five percent tetrahydrocannabinol. "THC-A oil" means

a processed cannabis plant extract that contains at least 15 percent tetrahydrocannabinol acid but not more than five percent tetrahydrocannabinol, or a dilution of the resin of the cannabis plant that contains at least five milligrams of tetrahydrocannabinol acid per milliliter but not more than five percent tetrahydrocannabinol. The state has not clarified delivery methods of oil at this time.

A practitioner in the course of his professional practice may issue a written certification for the use of CBD oil or THC-A oil for treatment or to alleviate the symptoms of any diagnosed condition or disease determined by the practitioner to benefit from such use. The written certification shall be on a form provided by the Office of the Executive Secretary of the Supreme Court developed in consultation with the Board of Medicine. Such written certification shall contain the name, address, and telephone number of the practitioner, the name and address of the patient issued the written certification, the date on which the written certification was made, and the signature of the practitioner. Such written certification expires no later than one year after its issuance unless the practitioner provides in such written certification an earlier expiration.

In the state of Virginia, a pharmaceutical processor shall dispense only CBD oil and THC-A oil that has been cultivated and produced on the premises of such pharmaceutical processor. Virginia is a vertically integrated system, as a result, permit holders are provided the ability to cultivate, harvest, process and dispense approved medical cannabis products. Delivery is permitted.

Storage and Security

A pharmaceutical processor shall initially cultivate only the number of cannabis plants necessary to produce CBD oil or THC-A oil for the number of patients anticipated within the first nine months of operation. Thereafter, the processor shall:

- Not maintain more than 12 cannabis plants per patient at any given time based on dispensing data from the previous 90 days;
- Not maintain CBD oil or THC-A oil in excess of the quantity required for normal, efficient operation;
- Maintain all cannabis plants, seeds, parts of plants, extracts, CBD oil, and THC-A oil in a secure area or location accessible only by the minimum number of authorized employees essential for efficient operation;
- Store all cut parts of cannabis plants, extracts, CBD oil, or THC-A oil in an approved safe or approved vault within the pharmaceutical processor and shall not sell CBD oil or THC-A oil products when the pharmaceutical processor is closed;
- Keep all approved safes, approved vaults, or any other approved equipment or areas used for the production, cultivation, harvesting, processing, manufacturing, or storage of CBD oil or THC-A oil securely locked or protected from entry, except for the actual time required to remove or replace the cannabis, seeds, parts of plants, extracts, CBD oil, or THC-A oil;
- Keep all locks and security equipment in good working order;
- Restrict access to keys or codes to all safes, approved vaults, or other approved equipment or areas to pharmacists practicing at the pharmaceutical processor; and
- Not allow keys to be left in the locks or accessible to non-pharmacists.

Further, the pharmaceutical processor shall have an adequate security system to prevent and detect diversion, theft, or loss of cannabis seeds, plants, extracts, CBD oil, or THC-A oil. A device for the detection of breaking and a back-up alarm system with an ability to remain operational during a power outage shall

be installed in each pharmaceutical processor. The installation and the device shall be based on accepted alarm industry standards and shall be subject to the following conditions:

- The device shall be a sound, microwave, photoelectric, ultrasonic, or any other generally accepted and suitable device;
- The device shall be monitored in accordance with accepted industry standards, maintained in operating order, have an auxiliary source of power, and be capable of sending an alarm signal to the monitoring entity when breached if the communication line is not operational;
- The device shall fully protect the entire processor facility and shall be capable of detecting breaking by any means when activated;
- The device shall include a duress alarm, a panic alarm, and automatic voice dialer; and
- Access to the alarm system for the pharmaceutical processor shall be restricted to the pharmacists working at the pharmaceutical processor and the system shall be activated whenever the pharmaceutical processor is closed for business.

A pharmaceutical processor shall keep the outside perimeter of the premises well-lit. A processor shall have video cameras in all areas that may contain cannabis plants, seeds, parts of plants, extracts, CBD oil, or THC-A oil and at all points of entry and exit, which shall be appropriate for the normal lighting conditions of the area under surveillance.

- The processor shall direct cameras at all approved safes, approved vaults, dispensing areas, CBD oil, or THC-A oil sales areas and any other area where cannabis plants, seeds, extracts, CBD oil, or THC-A oil are being produced, harvested, manufactured, stored, or handled. At entry and exit points, the processor shall angle cameras so as to allow for the capture of clear and certain identification of any person entering or exiting the facility;
- The video system shall have:
    - A failure notification system that provides an audible, text, or visual notification of any failure in the surveillance system. The failure notification system shall provide an alert to the processor within five minutes of the failure, either by telephone, email, or text message;
    - The ability to immediately produce a clear color still photo that is a minimum of 9600 dpi from any camera image (live or recorded);
    - A date and time stamp embedded on all recordings. The date and time shall be synchronized and set correctly and shall not significantly obscure the picture; and
    - The ability to remain operational during a power outage;
- All video recording shall allow for the exporting of still images in an industry standard image format. Exported video shall have the ability to be archived in a proprietary format that ensures authentication of the video and guarantees that no alteration of the recorded image has taken place. Exported video shall also have the ability to be saved in an industry standard file format that can be played on a standard computer operating system. A pharmaceutical processor shall erase all recordings prior to disposal or sale of the facility; and
- The processor shall make 24-hour recordings from all video cameras available for immediate viewing by the BOP or the BOP's agent upon request and shall retain the recordings for at least 30 days. If a processor is aware of a pending criminal, civil, or administrative investigation or legal proceeding for which a recording may contain relevant information, it shall retain an unaltered copy of the recording until the investigation or proceeding is closed or the entity conducting the

investigation or proceeding notifies the pharmaceutical processor's pharmacist-in-charge that it is not necessary to retain the recording.

A pharmaceutical processor shall maintain all security system equipment and recordings in a secure location so as to prevent theft, loss, destruction, or alterations. All security equipment shall be maintained in good working order and shall be tested no less than two times per year.

A pharmaceutical processor shall limit access to surveillance areas to persons who are essential to surveillance operations, law-enforcement agencies, security system service employees, the BOP or the BOP's agent, and others when approved by the BOP. A processor shall make available a current list of authorized employees and security system service employees who have access to the surveillance room to the processor. The pharmaceutical processor shall keep all onsite surveillance rooms locked and shall not use such rooms for any other function.

If diversion, theft, or loss of cannabis plants, seeds, parts of plants, extracts, CBD oil, or THC-A oil has occurred from a pharmaceutical processor, the BOP may require additional safeguards to ensure the security of the products.

Reporting Requirements

Pharmaceutical processors are required to maintain an electronic tracking system comprised of an electronic radio-frequency identification (RFID) Seed-to-sale system that tracks the cannabis from either the seed or immature plant stage until the CBD oil and THC-A oil are sold to a registered patient, parent, or legal guardian or until the cannabis, including the seeds, parts of plants, and extracts, are destroyed. The electronic tracking system shall include, at a minimum, a central inventory management system and standard and ad hoc reporting functions as required by the board and shall be capable of otherwise satisfying required recordkeeping.

Non-Compliance with State and Local Cannabis Laws

As of the date hereof, Jushi has not received any notices of non-compliance with state and local cannabis laws, other than minor violations or deficiencies that, with corrective action, would not result in a material fine, suspension or revocation of any relevant license. Common incidences in the industry of non-compliance with applicable rules and regulations may include:

- a minor inventory discrepancy with regulatory reporting software;
- a missing field in a regulatory report;
- equipment not stored properly;
- updated staffing plan not immediately available on site;
- improper signage;
- labels out of compliance with most recent regulatory guidelines;
- partial obstruction of camera views; and
- onsite surveillance room used for any other function (e.g., storage).

In addition, either on an inspection basis or in response to complaints, such as from neighboring property tenants, customers or former employees, state or local regulators may among other things issue "show cause" letters, give warnings to, or cite Jushi or one of its subsidiaries for violations, including those listed above. Such regulatory actions could lead to the requirement to remedy the situation, or, in more serious cases, to penalties, suspensions or revocations of licenses or could otherwise have an impact on Jushi's

or its affiliates' licenses, business activities or operations. Jushi has a compliance department that conducts regular compliance reviews to seek to ensure compliance with applicable state and local cannabis rules and regulations.

Jushi intends to cause all of its operations to promptly remedy any known occurrences of non-compliance with applicable state and local cannabis rules and regulations.

4 Narrative Description of the Business

General Business of the Company & Objectives

Jushi was formed to be a cultivation, manufacturing, distribution and retail business for both medical and adult use products derived from cannabis and hemp. Jushi believes cannabis and hemp derived products will become accepted consumer goods akin to tobacco, alcohol, food or pharmaceutical sectors. The state-legal U.S. cannabis market has grown significantly in value since 2013, and Jushi expects this trend to continue as more states legalize the use of medical cannabis or expand legislation to cover full use by all adults regardless of medical certification. The market, however, remains highly fragmented and relatively unprofessional, especially compared to other major consumer segments, with few sophisticated financiers and operators.

Jushi continues to build its presence across the U.S. through investments and partnerships in key states like California, Nevada, Pennsylvania, Virginia, New York and in the Midwest for both the cannabis and hemp-derived CBD industries. Jushi's growth plan is not limited to the U.S. Jushi is actively evaluating investment opportunities in Europe.

Jushi plans a dual strategy of improving on local brands, through purchases of successful local operators, as well as plans to expand on the success of its adult- use brand The Clinic™ and its medical brand Beyond/Hello™. The Company's hemp-derived physician formulated CBD products are also in development and new branding is expected to launch in the fourth quarter 2019.

Jushi's objective is to leverage its management team's financial and cannabis industry expertise to develop, acquire and operate leading state licensed businesses across the cannabinoid supply chain. In any particular state, Jushi's preferred position in the supply chain is the direct result of a consideration of state and local market conditions prior to making capital allocation decisions. Through its rapidly expanding footprint, it is anticipated Jushi will offer patients and customers premium, high-grade cannabis products and hemp-based CBD products that Jushi will cultivate, process and/or sell directly depending on the jurisdiction.

Once a target opportunity is identified and executed on, Jushi works with skilled local operators to develop high quality consumer and medical products while also implementing industry-leading measures designed to ensure strict compliance with applicable state and local laws in the U.S. on an ongoing basis. Typical measures include the retention of critical advisors, development of standard operating procedures, ongoing monitoring of compliance by on-site management, and appropriate employee training to ensure compliance.

Jushi owns, directly or indirectly, or has entered agreements to purchase, operations or license(s) to operate in a number of states, including New York, California, Nevada, Pennsylvania and Virginia as well as in two states in the Midwest. Jushi owns the intellectual property to The Clinic™, The Lab™, The Bank™

and Beyond/Hello™ brands. Furthermore, a number of executives with significant operational experience in the Colorado and Pennsylvania markets joined the Company.

Significant Events or Milestones

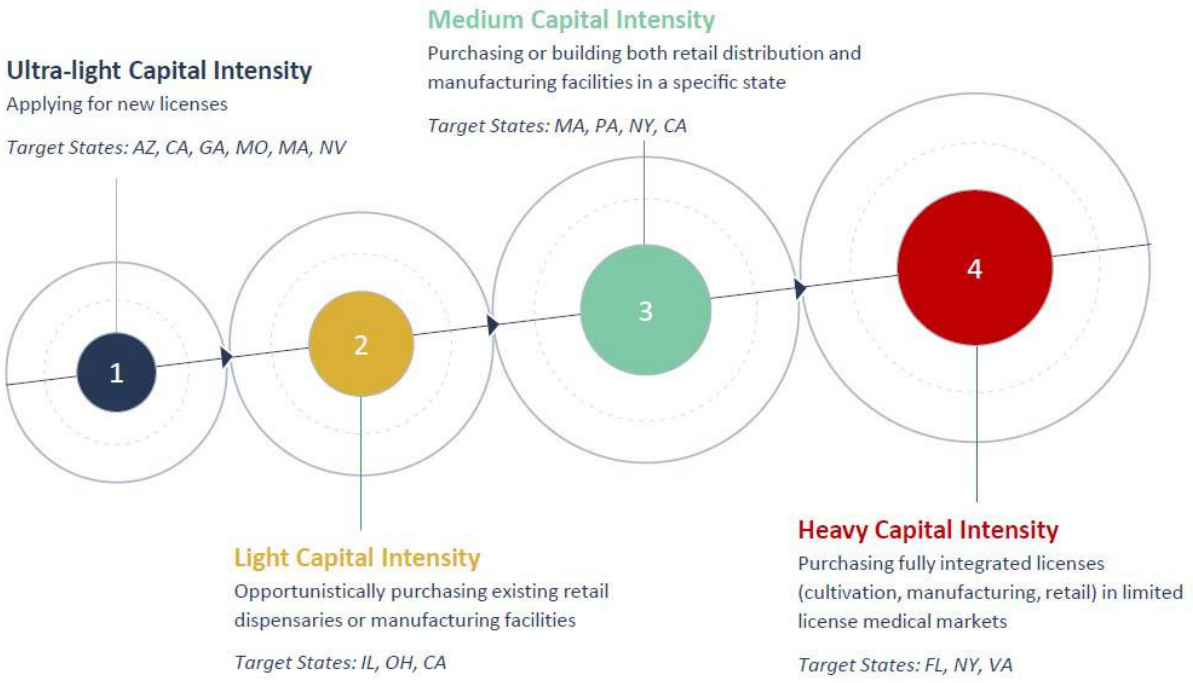
The principal milestones that must occur during the next 12-month period for the business objectives described herein to be accomplished include: continue to make acquisitions, hire key personnel, obtain necessary regulatory approvals, implement marketing plans and commence production and sales in Jushi's new markets, including retail stores for recreational and medical cannabis where legislation permits.

Jushi has put in place a medical advisory team with expertise in clinical treatment of patients with cannabinoids and clinical research. In the interest of progressing a professional medical dialogue and educating as many physicians as possible on the use of medical cannabis as a therapeutic treatment for patients, Jushi has organized a team of physicians to educate, train and inform medical professionals on all aspects of cannabis as medicine.

Jushi has historically relied upon equity financings to satisfy its capital requirements and will likely require further equity and/or debt capital to finance its development, expansion and acquisition activities moving forward.

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. Jushi's approach to capital allocation is outlined in the illustration below:



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 may become further commoditized in future years (such as California). In early stage, vertical limited license markets (such as Virginia 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 or franchise manufacturers and buy retail dispensaries, which Jushi contemplates in recreational markets such as Nevada. 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.

The legalization of cannabis throughout the U.S. continues to expand both recreationally and medically, and market size estimates continue to grow with 2019 market size estimates reaching US$13.1 billion and 2022 estimates topping US$22.2 billion.[78] Jushi intends to participate in this growth, and expand further, both in currently approved adult use states as well as medical cannabis states that offer optionality on future adult use legislation.

Jushi plans a dual strategy of improving on local brands, through purchases of successful local operators, as well as plans to expand on the success of its adult use brand The Clinic™ and its medical brand Beyond/Hello. Jushi may also issue securities in connection with its acquisitions.

Sound Wellness

Jushi's wholly-owned subsidiary, Sound Wellness, is a New York limited liability company that was formed on November 27, 2018. Sound Wellness is engaged in the business of manufacturing consumer products derived from industrial hemp and the distribution of such products on a wholesale and retail basis worldwide.

On January 24, 2019, Sound Wellness was notified its application to DA&M for an Industrial Hemp Processor License (with CBD authority) was successful, and on February 27, 2019, Sound Wellness was issued a New York Hemp Processor License.

In April 2019, Sound Wellness Holdings was incorporated in Delaware as a wholly-owned subsidiary of Jushi. Contemporaneously, Jushi's hemp subsidiaries, including Sound Wellness, were reorganized to become wholly owned subsidiaries of Sound Wellness Holdings.

Jushi is exploring various financing alternatives with respect to Sound Wellness to access financing opportunities unavailable to cannabis companies. There can be no assurance that this will be successful

Working Capital / Total Funds Available to Company

At September 30, 2019, the Company had cash of $26.8 million, short term investments of $1.3 million, total current assets of $59.5 million and current liabilities of $22.9 million as at September 30, 2019. The Company therefore had net working capital of $36.6 million. Jushi remains well-capitalized with $29.5 million in cash and short-term investments at October 31, 2019. The Company believes at this time that there is sufficient liquidity to execute on its business plan and satisfy the commitments made to date. Jushi has historically relied upon equity financings to satisfy its capital requirements and will require further equity

[78] The State of Legal Marijuana Markets (6th Edition). Arcview Market Research and BDS Analytics.

and/or debt capital to finance its development, expansion and acquisition activities moving forward. There is no guarantee that Jushi will be able to raise the required funding or raise it on acceptable terms.

Principal Purpose of Use of Funds

The Company believes at this time that there is sufficient liquidity to execute on its business plan and satisfy the commitments made to date. Refer to Part 5 – "*Selected Consolidated Financial Information*" for revenue amounts.

Principal Products and Services

Cultivation

Jushi plans to cultivate cannabis in a controlled environment utilizing state-of-the-art technologies to produce high quality products at competitive prices. Plants are expected to grow in a perpetual harvest where they will be separated into a vegetative state and a flowering state. Flowering plants can be harvested up to 5 ½ times per year per flowering section. Once the plant is harvested, it is dried and flowering buds are separated from the rest of the plant (collectively, the "Biomass").

Manufacturing / Processing Facility

Once harvested, Jushi plans to transfer the Biomass to its manufacturing facilities during which the Biomass will be tracked through the applicable state cannabis tracking system. At the cannabis processing facility, the cannabinoids and terpenes are expected to be extracted from the Biomass using various solvents and/or non-solvent methods. The extracted cannabinoids and terpenes may then be refined for use in various end products in compliance with the laws in the applicable market. Following refinement and formulation the end products are expected to be packaged, labeled and transferred for sale to legal wholesale/retail channels.

Retail – Dispensaries

Jushi plans to operate a network of retail locations in select markets. Jushi has developed key indicators to identify attractive sites based on existing competition, population, real estate, parking, traffic and regulatory market attractiveness. Jushi intends to educate patients and consumers about its product offerings in a welcoming environment through one-on-one interactions with staff. Jushi expects to sell both in-house and third party products as determined by market demand and plan to provide consumers with an optimal retail experience.

Real Estate Strategy

Jushi is focused on entering cannabis markets with local or state-level license constraints combined with significant current or future market potential. With respect to retail locations, Jushi targets highly visible locations adjacent or near heavily trafficked roads. For cultivation, production and other forms of industrial activity, Jushi targets locations with immediate capabilities as well as future expansion potential. Jushi uses an internal team for the selection of real estate, as well as a broad network of real estate brokers. Jushi makes its determination to purchase or lease its underlying real estate on a case-by-case basis.

Product Selection and Offerings

Senior leaders from the business development, operations, finance, marketing and sales teams negotiate with potential brand vendors across all product categories including flower, vape pens, oils, extracts, edibles and pre-rolls to make product selection decisions. Leveraging managements' years of experience in the longest-standing adult use market, Jushi analyzes market dynamics, product quality, P&L impact and

consumer demand to carry out its long-term strategy in each market. With high-impact retail locations in key markets, Jushi expects to be a desirable partner for nationally scaling brands and or in-house products.

Jushi intends to sell both in-house branded and third party manufactured products through Jushi-owned and managed dispensaries as well as through other channels. In addition to branded and manufactured finished products, Jushi plans to sell bulk refined cannabinoids and terpenes to vendors for use in their own finished products, as its production capacity increases in certain markets. The full scale and allocation of production utilization will depend upon the scale of Jushi-owned and managed retail footprint in addition to the production capacity of Jushi's cultivation and production facilities.

Jushi plans to offer a variety of products depending on market conditions, manufacturing capabilities and supplier relationships. Products include dry flower, cannabis for vaporization, cannabis oil in capsule, oral and sublingual solutions, cannabis in topical products, cannabis edible and chewable products and other cannabis products.

Product Lines and Brands

Sound Wellness plans to market a line of industrial hemp-derived CBD products under a recognized brand name. Jushi is striving to make this brand name the U.S.'s premier brand of physician recommended CBD products.

The brand name's line of CBD products, made from industrial hemp, are produced in accordance with FDA GMP standards, and will be certified non-genetically modified, vegan, and gluten free.

Industrial Hemp

Through its wholly-owned subsidiary, Sound Wellness, Jushi plans to engage in the business of manufacturing consumer products derived from industrial hemp and the distribution of such products on a wholesale and retail basis.

On January 24, 2019, Sound Wellness was was notified its application to DA&M for a Hemp Processor License was successful, and on February 27, 2019, the Hemp Processor License was issued. Under New York law, industrial hemp and products derived from industrial hemp are deemed agricultural products that may be grown, produced and possessed in the state, and sold, distributed, transported and processed either within or outside of the state by duly licensed individuals and entities. Hemp licensing is administered by the Department, which has general responsibility and authority to regulate industrial hemp, including production of hemp-derived CBD.

Sales and Distribution

Sound Wellness Holdings plans to sell its CBD products through a variety of channels, which include the following:

- **Company-Run Retail Locations:** SW Retail Stores, LLC ("SW Retail Stores") opened a retail store that sells hemp-derived CBD products in June 2019. The store is located within the DENT Tower in Amherst, New York, which also houses the largest outpatient neurology practice in the U.S. SW Retail Stores is also expected to open an additional retail stores in key geographic markets around the U.S. starting with its second store in Ardmore, Pennsylvania in the fourth quarter of 2019. Based on the performance of its Ardmore, PA store, the Company will consider additional retail locations.

- **Mass Market Retail Distribution**: Sound Wellness is in the process of developing relationships with mass market retailers for distribution and sale of its hemp-derived CBD products, as well as developing an e-commerce retail sales platform.

- **Wholesale**: Sound Wellness anticipates selling its hemp extracts on the wholesale market to various participants along the value chain.

Principal Markets

Jushi currently has operations in the states of New York, Pennsylvania, Nevada and Virginia. The principal markets where Jushi intends to sell its products include California, Virginia and Midwest states with plans to expand beyond.

Product Pricing

Jushi analyzes numerous variables ranging from market conditions to supplier leverage when determining product pricing and strategy for each market. Pricing in individual states as well as municipalities may vary depending on Jushi's overarching strategy for the market. In addition to Jushi's market strategy, management takes into consideration direct production costs and indirect costs as well as other applicable variables when determining product prices. Furthermore, pricing accounts for regulations and excises and sales taxes in markets where applicable.

Inventory Management

Jushi plans to develop a series of inventory management controls and procedures, which are expected to be compliant with the applicable state and local laws, regulations, ordinances, and other requirements. Inventory management controls incorporate internal software which is expected to be developed in conjunction with applicable compliance laws. Jushi plans to have its controls and procedures address a range of categories including product delivery, disposal/waste, contamination prevention, environmental and security. Jushi endeavors to make a positive impact in all markets it enters and is committed to delivering consumers a safe and high-quality product.

Intellectual Property

Jushi focuses on the cultivation, processing, distribution and retail sales of premium, high-grade cannabis products and hemp-derived CBD products, as well as related branded products. Jushi takes a de-centralized branding approach to its business, where appropriate. In connection therewith, Jushi, through its subsidiaries, has U.S. trademark registrations, including for 'REFINED KNOWLEDGE' and 'JUSHI' pending before the U.S. Patent and Trademark Office. Further, Jushi has acquired certain intellectual property derived from the operations of The Clinic Colorado, including standard operating procedures and manuals, anywhere in the world, other than Colorado and Illinois.

As of September 30, 2019 intangible assets (excluding goodwill) consisted of the following:

	Finite Life Intangible Asset					Indefinite Life Intangible Asset			
	Franchise Agreements	Intellectual Property	Patient Database	Tradename	Non-Compete	Licenses	Formulations	Internally Generated Intangibles	Total
Cost:									
Balance at December 31, 2018	$ 1,850,000	$ 1,290,000	$ 880,000	$ 50,000	$ 8,000	$ -	$ 50,000	$ -	$ 4,128,000
Additions [1]	-	9,579,675	270,000	5,330,000	160,000	71,500,466	-	554,136	87,394,277
Balance, September 30, 2019	$ 1,850,000	$ 10,869,675	$ 1,150,000	$ 5,380,000	$ 168,000	$ 71,500,466	$ 50,000	$ 554,136	$ 91,522,277
Accumulated amortization:									
Balance at December 31, 2018	$ (103,904)	$ (96,603)	$ (8,519)	$ (484)	$ (1,258)	$ -	$ -	$ -	$ (210,768)
Amortization expense	(99,106)	(411,465)	(53,000)	(141,417)	(13,422)	-	-	-	(718,410)
Balance, September 30, 2019	$ (203,010)	$ (508,068)	$ (61,519)	$ (141,901)	$ (14,680)	$ -	$ -	$ -	$ (929,178)
Net book value:									
Balance at December 31, 2018	$ 1,746,096	$ 1,193,397	$ 871,481	$ 49,516	$ 6,742	$ -	$ 50,000	$ -	$ 3,917,232
Balance at September 30, 2019	$ 1,646,990	$ 10,361,607	$ 1,088,481	$ 5,238,099	$ 153,320	$ 71,500,466	$ 50,000	$ 554,136	$ 90,593,099
Estimated useful life	14 years	10 - 10.5	5-15 years	1-15 years	3-5 years				

Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives. The estimated useful lives are shown in the table above.

Employees

As of November 20, 2019, Jushi had 193 employees. Jushi seeks to attract, hire and promote the most qualified and diverse candidates for each position. Based on both acquisitions and hires, Jushi leverages experience from multiple individuals that have been in the regulated cannabis market over the past 10 years. Jushi draws upon this knowledge base and proven training program to develop and educate employees. With policies and procedures that have been rolled out in multiple markets, Jushi is able to ensure that these businesses will meet the operational expectations for each market. Jushi seeks to ensure that staff are appropriately trained and ensure the safety and welfare of employees at Jushi facilities. Leveraging existing operations in legal adult use states, all new employees receive true hands-on training prior to starting in their new market. Setting the tone from the top, Jushi's executive team goes above and beyond to seek to ensure that all individuals within Jushi are held to the highest standards, particularly with respect to compliance.

Foreign Operations

Various risks are associated with Jushi's U.S. operations, including the uncertain legal status of cannabis in the U.S. at the present time. Risks are discussed in "*Part 17 – Risk Factors"*.

Principal Markets & Competition

Jushi anticipates it will compete against other retail licensees across the various state markets that it operates in. In certain markets, such as California, many of Jushi's competitors are small local dispensaries; however, Jushi expects to compete against both large MSOs, as well as Canadian licensed producers, once cannabis is federally legal in the U.S. In addition, Jushi expects to compete against both third party and direct delivery services. Jushi minimizes its competitive risk in these markets by picking strategic locations, with defensible buffers naturally built in through local regulations and local dispensaries laws. With respect to cultivation and production, Jushi expects to compete with both MSOs and local operators in the states in which it operates. In California and Nevada, Jushi will compete with larger MSOs that may

have access to public markets, more experienced management teams, or further along in terms of reaching scale. Jushi is positioning itself to minimize all of the above risks through accretive acquisitions, superior execution, and thoughtful location of retail and manufacturing sites.

Jushi's hemp operations touch all elements of the value chain: cultivation, processing and manufacturing, distribution and retail sales. With the passage of the 2018 Farm Bill, Jushi has seen companies in the agribusiness, alcohol and spirits, consumer products and cannabis sectors enter the industrial-hemp industry at various points in the value chain. Industrial hemp cultivation and processing currently have high barriers to entry as they are generally licensed activities which require state-level approval to conduct (i.e., the New York State CBD Processor license which Jushi recently was awarded). Jushi has seen, primarily, U.S. and Canadian cannabis enterprises enter the U.S. hemp market at the cultivation and processing levels. Thus, Jushi expects to compete directly against several large MSOs in the industrial-hemp growing and processing space, some of which have a higher market capitalization than Jushi, access to public equity markets or may be more mature as a business.

Other areas of the value chain have low barriers to entry and are reflective of a near free-market environment: distribution and retail sales. Jushi has seen a rapid growth in the number of enterprises retailing and distributing industrial hemp-derived cannabinoid products (particularly CBD) across the U.S. Across the retail segment, price, quality, branding and formulation of CBD products are all massively variable. Jushi believes the quality of its production methods and the brand equity and loyalty it intends to build, will serve as a strong differentiator against the significant number of entrants into the retail and distribution areas of the marketplace.

Investment Policies

Jushi may provide working capital facilities to its acquisition targets in order to fund development of assets prior to completion of the acquisitions, where legally permissible or for the benefit of Jushi.

No Bankruptcy Proceedings

There are presently no bankruptcy, receivership, or similar proceedings against the Company or any of its subsidiaries, including voluntary bankruptcy, receivership, or similar proceedings, nor have there been any such proceedings within the three (3) most recently completed financial years.

Material Restructuring Transactions

Refer to "Part 2 – *Corporate Structure*" above.

5. Selected Consolidated Financial Information

5.1 Annual and Interim Information

As discussed in Part 2.2 *"Corporate Structure"* above, in June 2019, Jushi completed the Business Combination with Tanzania.

Jushi

The following table sets forth selected financial information for:

a) Jushi Holdings Inc. and Subsidiaries for the three and nine months ended September 30, 2019. Such information is derived from the condensed interim consolidated financial statements of Jushi Holdings Inc. and its subsidiaries for the three and nine months ended September 30, 2019, three months ended September 30, 2018 and for the period from January 23, 2018 (inception date) to

September 30, 2018, attached hereto as Appendix C, and should be read in conjunction with such financial statements;

b) Jushi Inc and Subsidiaries for the period from January 23, 2018 (Inception date) to December 31, 2018. Such information is derived from the audited consolidated financial statements of Jushi Inc and its subsidiaries as of December 31, 2018, and for the period from January 23, 2018 (inception date) to December 31, 2018, attached hereto as Appendix A, and should be read in conjunction with such financial statements; and

c) Pro-forma combined Jushi Holdings Inc. and Subsidiaries and FBS – Penn for the six months ended June 30, 2019. Such information is derived from the unaudited pro forma condensed combined financial statements for the six months ended June 30, 2019 included in the Business Acquisition Report filed for FBS-Penn on September 23, 2019 and should be read in conjunction with such financial statements.

	(a) **Jushi Holdings Inc.** **For the Nine Months Ended September 30, 2019**	**(b)** **Jushi Inc** **Period from January 23, 2018 (Inception Date) to December 31, 2018**	**(c)** **Pro-Forma Combined Jushi Holdings Inc. and FBS - Penn** **For the Six Months Ended June 30, 2019**
Total Revenue	US$4,195,311	US$523,364	US$ 4,277,257
Net Income (Loss)	US$(13,641,340)	US$(18,055,976)	US$ (18,432,841)
Basic and Diluted Income (Loss) per Share	US$(0.18)	US$(0.42)	US$ (0.30)
Total Assets	US$185,369,845	US$50,180,794	US$ 164,116,448(1)
Total Long-Term Liabilities	US$23,349,452	US$7,388,547	US$39,936,081(2)
Cash Dividends per Share	US$-	US$-	US$-

(1) Total pro-forma combined assets reflects the acquisition of existing FBS-Penn assets of US$13 million; intangibles of US$46 million and initially estimated goodwill of US$10 million; offset by net cash paid for the acquisition of US$28 million and the elimination of a working capital facility of $5 million.
(2) Total pro-forma combined long-term liabilities reflects the acquisition of existing FBS-Penn long-term lease obligations of $3 million and the acquisition consideration paid in notes of $28 million.

Refer to Part 3 *"General Description of the Business"* above for information regarding recent Jushi activity and acquisitions.

Tanzania

The following table sets forth selected financial information for Tanzania Minerals Corp., the predecessor company, for the years ended February 28, 2019, 2018 and 2017. Such information is derived from the audited financial statements of Tanzania and should be read in conjunction with such financial statements, attached as Appendix B.

	Year-Ended February 29, 2019	Year-Ended February 28, 2018	Year-Ended February 28, 2017
Total Revenue	C$-	C$-	C$-
Net Income (Loss)	C$ (128,690)	C$ (142,972)	C$ (95,816)
Basic and Diluted Income (Loss) per Share	C$ (0.02)	C$(0.06)	C$(0.04)
Total Assets	C$118,554	C$4,979	C$43,121
Total Long-Term Liabilities	C$-	C$-	C$-
Cash Dividends per Share	C$-	C$-	C$-

5.2 Quarterly Information

Jushi

	Jushi Holdings Inc. and Subsidiaries Q3 2019	Jushi Holdings Inc. and Subsidiaries Q2 2019	Jushi Inc Q1 2019	Jushi Inc Q4 2018	Jushi Inc Q3 2018	Jushi Inc Q2 2018	Jushi Inc Q1 2018[1]
Revenue	US$ 3,588,233	US$ 226,390	US$ 380,689	US$ 273,001	US$ 120,792	US$ 117,262	US$12,309
Net profit (loss) for period	US$ 4,156,317	US$ (11,842,839)	US$ (5,954,817)	US$(3,511,385)	US$ (2,329,915)	US$ (1,295,166)	US$ (10,919,507)

Basic profit (loss) per share	US$ 0.05	US$ (0.17)	US$ (0.12)	US$(0.07)	US$ (0.05)	US$ (0.04)	US$ (0.60)
Diluted profit (loss) per share	US$ 0.04	US$ (0.17)	US$ (0.12)	US$(0.07)	US$ (0.05)	US$ (0.04)	US$ (0.60)

(1) For the period from January 23, 2018 (inception date) to March 31, 2018.

Tanzania

Refer to Tanzania Minerals Corp. Management's Discussion and Analysis for the year ended February 28, 2019 for Tanzania's selected quarterly financial information.

Dividends

It is not expected that Jushi will declare any dividends for the foreseeable future. Jushi has no restrictions on paying dividends, but if it generates earnings in the foreseeable future, it is expected that such earnings will be retained to finance growth, if any. Jushi's Board will determine if and when dividends should be declared and paid in the future based upon the Company's financial position at the relevant time.

IFRS

The financial statements included in this Listing Statement have been, and the future financial statements of the Company shall be, prepared in accordance with International Financial Reporting Standards ("IFRS").

6. Management's Discussion and Analysis

Annual MD&A

The Company has not yet been required to file its annual MD&A. The MD&A of the Company's predecessor, Tanzania, for the year ended February 28, 2019, is dated March 26, 2019.

Overall Performance

Refer to Jushi Holdings Inc. Management's Discussion and Analysis for the three months ended September 30, 2019.

Refer to Tanzania Minerals Corp. Management's Discussion and Analysis for the year ended February 28, 2019.

Selected Annual Financial Information

Refer to Jushi Holdings Inc. Management's Discussion and Analysis for the three months ended September 30, 2019, attached as Appendix D.

Refer to Tanzania Minerals Corp. Management's Discussion and Analysis for the year ended February 28, 2019, attached as Appendix E.

As discussed in Part 2.2 – *"Corporate Structure"* above, in June 2019, Jushi completed the Business Combination with Tanzania. Refer to Part 3 – *"General Development of the Business"* above for information regarding recent developments and acquisitions. As discussed in Part 3 above, on July 10, 2019, Jushi Inc acquired all of the membership interests in FBS-Penn. Pursuant to, National Instrument 51-102 – *Continuous Disclosure Obligations*, a Business Acquisition Report was filed for FBS-Penn on September 23, 2019.

Refer to Part 5 – "S*elected Consolidated Financial Information*" above.

Variations

Refer to Jushi Holdings Inc. Management's Discussion and Analysis for the three months ended September 30, 2019, attached as Appendix D.

Refer to Tanzania Minerals Corp. Management's Discussion and Analysis for the year ended February 28, 2019, attached as Appendix E.

As discussed in Part 2.2 – *"Corporate Structure"* above, in June 2019, Jushi completed the Business Combination with Tanzania. Refer to Part 3 – *"General Development of the Business"* above for information regarding recent developments and acquisitions.

Refer to Part 5 – "S*elected Consolidated Financial Information*" above.

Results of Operations

Refer to Jushi Holdings Inc. Management's Discussion and Analysis for the three months ended September 30, 2019, attached as Appendix D.

Refer to Tanzania Minerals Corp. Management's Discussion and Analysis for the year ended February 28, 2019, attached as Appendix E.

As discussed in Part 2.2 – *"Corporate Structure"* above, in June 2019, Jushi completed the Business Combination with Tanzania. Refer to Part 3 – *"General Development of the Business"* above for information regarding recent developments and acquisitions.

Refer to Part 5 – "S*elected Consolidated Financial Information*" above.

Summary of Quarterly Results

As discussed in Part 2.2 – *"Corporate Structure"* above, in June 2019, Jushi completed the Business Combination with Tanzania. Refer to Part 3 – *"General Development of the Business"* above for information regarding recent developments and acquisitions.

Refer to Part 5 – "S*elected Consolidated Financial Information*" above.

Liquidity

The Company had cash of $26.8 million, short term investments of $1.26 million, total current assets of $59.5 million and current liabilities of $22.9 million as at September 30, 2019. The Company therefore had net working capital of $36.6 million.

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.

Capital Resources

Refer to Jushi Holdings Inc. Management's Discussion and Analysis for the three months ended September 30, 2019, attached as Appendix D.

Off-Balance Sheet Arrangements

The Company does not have any material off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future material effect on the financial performance or financial condition of the Company.

Related Party Transactions

Other than those described in Note 16 to the Jushi Holdings Inc. and Subsidiaries Condensed Interim Consolidated Financial Statements for the three and nine months ended September 30, 2019, there are no additional related party transactions.

Refer to the condensed interim consolidated financial statements of Jushi Holdings Inc. and its subsidiaries for the three and nine months ended September 30, 2019, three months ended September 30, 2018 and for the period from January 23, 2018 (inception date) to September 30, 2018, attached hereto as Appendix C, and to the audited consolidated financial statements of Jushi Inc and its subsidiaries as of December 31, 2018, and for the period from January 23, 2018 (inception date) to December 31, 2018, attached hereto as Appendix A .

Fourth Quarter Events affecting the Company's Financial Condition

Refer to Part 3 – *"General Development of the Business*" above for any fourth quarter events.

Proposed Transactions

Refer to Part 3 – "*General Development of the Business – Pending Acquisitions*". Based on the proposed acquisitions in Part 3 "*General Development of the Business – Pending Acquisitions*", the Company expects to utilize approximately $16.35 million in cash to complete committed transactions pending closing conditions. Jushi may contemplate additional debt or equity financing to fund further acquisitions, investments in new markets, as well as future debt maturities. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing or that such financing will be available on acceptable terms.

Accounting Policies

The preparation of the Company's Condensed Interim Consolidated Financial Statements for the three and nine months ended September 30, 2019 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 Jushi Holdings Inc. and Subsidiaries Condensed Interim Consolidated Financial Statements for the three and nine months ended September 30, 2019.

Refer to Note 2 to the Jushi Holdings Inc. and Subsidiaries Condensed Interim Consolidated Financial Statements for the three and nine months ended September 30, 2019 for policies and new standards adopted in the current year.

Financial Instruments and Other Instruments

Refer to Note 16 in the Jushi Holdings Inc. and Subsidiaries Condensed Interim Consolidated Financial Statements for the three and nine months ended September 30, 2019.

Interim MD&A

The Company filed its interim MD&A for the three and nine months ended September 30, 2019, on November 15, 2019.

Updated Disclosure from Annual MD&A

Refer to Jushi Holdings Inc. Management's Discussion and Analysis for the three and nine months ended September 30, 2019, attached as Appendix D.

Additional Disclosure for Issuers without Significant Revenue

The following information has been derived from, and should be read in conjunction with, the condensed interim consolidated financial statements of Jushi Holdings Inc. and its subsidiaries for the three and nine months ended September 30, 2019, three months ended September 30, 2018 and for the period from January 23, 2018 (inception date) to September 30, 2018 (attached as Appendix C); Jushi Holdings Inc. Management's Discussion and Analysis for the three and nine months ended September 30, 2019 (attached as Appendix D); and audited consolidated financial statements of Jushi Inc and its subsidiaries as of December 31, 2018, and for the period from January 23, 2018 (inception date) to December 31, 2018 (attached as Appendix A).

Period from January 23, 2018 (inception date) to December 31, 2018

Revenue for Jushi Inc for the period from January 23, 2018 (inception date) to December 31, 2018 was $0.5 million and costs of goods sold was $nil. Total operating expenses were $19.2 million and included the following: impairment of goodwill of $9.0 million; selling, general, and administrative expenses of $7.5 million; shared-based compensation expense of $2.5 million; and amortization expense of $0.2 million. Total net other income totaled $0.6 million and included interest income of $0.85 million and finance charges of $0.2 million.

Nine Months Ended September 30, 2019

Revenue for Jushi Holdings Inc. for the nine months ended September 30, 2019 was $4.2 million and costs of goods sold was $2.1 million. Fair value adjustment on biological assets was $0.03 million, and gross profit was $2.1 million. Total operating expenses were $27.0 million and included the following: general and administrative expenses of $10.1 million; salaries, wages and employee benefits of $9.4 million; share-based compensation expense of $3.8 million; acquisition and deal costs of $2.5 million and depreciation and amortization expense of $1.2 million. Operating expenses included RTO costs of $3.2 million. Total net other income totaled $11.6 million and included the following: gain on financial asset of $9.2 million; other income of $5.0 million, relating primarily to a confidential legal settlement; interest income of $0.2 million; offset partially by listing expense of $1.4 million; interest expense and finance charges of $1.2 million; and bad debt expense of $0.2 million.

Refer to Part 3 – *"General Development of the Business"* above for information regarding recent developments.

Description of Securities

Refer to Part 10 – *"Description of the Securities – Description of Securities"*.

Breakdown of Capitalized/Expensed Development Costs

Refer to "*Additional Disclosure for Issuers without Significant Revenue*" above.

Negative Cash Flow

During the fiscal year ended December 31, 2018 and the nine months ended September 30, 2019, Jushi Inc and Jushi Holdings Inc. had negative cash flows from operating activities. 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 believes at this time that there is sufficient liquidity to execute on its business plan and satisfy the commitments made to date. Refer to *"Liquidity"* above.

7. Market for Securities

The Company is a reporting issuer in British Columbia, Alberta, and Ontario. Its principal regulator is Ontario. Prior to listing on the CSE, the Company's Subordinate Voting Shares were listed on the NEO Exchange under the symbol "JUSH.B".

8. Consolidated Capitalization

8.1 Consolidated Capital

The consolidated capital of the Company is set forth in the chart below.

Designation of Security	Outstanding	Outstanding on as-converted basis (into Subordinate Voting Shares)
Subordinate Voting Shares(1)	91,959,305	91,959,305
Multiple Voting Shares	4,000,000	4,000,000
Super Voting Shares	149,000	14,900,000
Jushi Holdings Inc. Warrants(2)	35,415,010 Subordinate Voting Warrants	58,440,010(4)

	6,750,000 Multiple Voting Warrants 162,750 Super Voting Warrants(3)	
Jushi Holdings Inc. Options	9,061,333	9,061,333

Notes:

(1) Does not include 450,000 private company shares held in escrow that may be transferred into 450,000 Subordinate Voting Shares subject to certain conditions being met.

(2) Does not include 200,000 private company warrants held in escrow that may be transferred into 200,000 Subordinate Voting Warrants subject to certain conditions being met.

(3) Upon exercise, the Super Voting Warrants convert into 162,750 Super Voting Shares, which represent 16,275,000 Subordinate Voting Shares on an as-converted basis.

(4) Total of fully diluted shares issuable through exercise of all classes of warrants and conversion into Subordinate Voting Shares.

Material Changes in Capital

In February and March 2019, Jushi Inc completed a non-brokered private placement consisting of 8,080,000 shares of Class B stock and warrants to purchase an additional 4,025,000 shares of Class B stock at $3.00 per share for gross proceeds of US$16,100,000. The Company incurred US$158,522 of costs related to the private placement.

In June 2019, the Company through Jushi Acquisition Corp. (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 per Subscription Receipt for aggregate gross proceeds of approximately US$68,200,270. As part of closing of the Business Combination, each Subscription Receipt automatically converted into one Class B common share that was exchanged into one Subordinate Voting Share without any further action by the holder on the satisfaction of the escrow release conditions which included the following:

- the completion or satisfaction of all conditions precedent to the Business Combination having occurred, been satisfied or been waived other than the filing of the applicable documentation as may be required under corporate law and release of the escrowed funds; and

- the receipt of all required shareholder, third party (as applicable) and regulatory approvals in connection with the Business Combination, including the conditional approval for the listing of the Subordinate Voting Shares on the Neo Exchange.

The Company incurred US$4,623,075 of cash-based costs related to the private placement.

Fully Diluted Share Capital

The total fully-diluted Subordinate Voting Share capital of the Company is set forth in the table below.

	Number and Percentage of Subordinate Voting Shares Outstanding (fully diluted and as-converted)(1)
Subordinate Voting Shares issued to Jushi Holdings Inc. Shareholders - Outstanding Shares(2)	110,492,638 (62%)

Subordinate Voting Shares issued to holders of Jushi Holdings Inc.- Options and Warrants(3)	67,501,343 (38%)
Total Fully Diluted Subordinate Voting Share Capital of Jushi Holdings Inc.	**177,993,981 (100%)**

Notes:

(1) Assumes the conversion of any outstanding Multiple Voting Shares and Super Voting Shares into Subordinate Voting Shares and full exercise of all outstanding warrants and options (vested and unvested).

(2) Does not include 450,000 private company shares held in escrow that may be transferred into 450,000 Subordinate Voting Shares subject to certain conditions being met.

(3) Does not include 200,000 private company warrants held in escrow that may be transferred into 200,000 Subordinate Voting Warrants subject to certain conditions being met.

9. Options to Purchase Securities

Options to Purchase Securities

Outstanding Options

The following table sets forth the aggregate number of options subject to the Equity Incentive Plan that are outstanding as of the date hereof.

	Subordinate Voting Shares Under Options Granted(1)(2)						
	Exercise Price of US$1.00	**Exercise Price of US$1.26**	**Exercise Price of US$1.35**	**Exercise Price of US $1.80**	**Exercise Price of US $2.00**	**Exercise Price of US $2.75**	**Exercise Price of US $3.00**
All executive officers and directors of Jushi	N/A	N/A	N/A	N/A	5,098,000	N/A	N/A

All other employees of any subsidiaries of Jushi	300,000	610,000	778,333	275,000	1,540,000	455,000	5,000
All consultants of Jushi	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Any other person.	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

(1) The outstanding options have a 10-year term and generally have the following vesting conditions: 1/3 of the Subordinate Voting Shares subject to the options will vest on the 1st anniversary of the date of grant, 1/3 of the Subordinate Voting Shares subject to the options will vest on the 2nd anniversary of the date of grant and 1/3 of the Subordinate Voting Shares subject to the options will vest on the 3rd anniversary of the date of grant.

(2) Does not include restricted stock purchased by members of senior management under the Equity Incentive Plan. Such restricted stock is included in the Subordinate Voting Shares outstanding in the charts above.

Equity Incentive Plan

On April 29, 2019, shareholders of Tanzania approved the equity incentive plan (the "Equity Incentive Plan"). On June 7, 2019, the board of directors of Jushi (the "Board") adopted the Equity Incentive Plan and made an amendment to limit the total allowable incentive stock options to be issued. The principal terms of the Equity Incentive Plan are described below.

Purpose

The purpose of the Equity Incentive Plan is to: (i) promote and retain employees, directors and consultants capable of assuring the future success of the Company and its affiliated companies; (ii) motivate management to achieve long-range goals; and (iii) to provide compensation and opportunities for ownership and alignment of interests with the Company's shareholders.

The Equity Incentive Plan permits the grant of (i) nonqualified stock options ("NQSOs") and incentive stock options ("ISOs") (collectively, "Options"); (ii) restricted stock awards; (iii) restricted stock units ("RSUs"); (iv) SARs; and (v) other awards, which are referred to herein collectively as "Awards", as more fully described below. Pursuant to the Equity Incentive Plan, the Company Board may delegate some or all of the administration of the Equity Incentive Plan to a committee or committees. The Equity Incentive Plan is currently administered by the Company Board, and the Company Board has delegated to the Compensation Committee the ability to grant Options to newly hired individuals.

Eligibility

Any of the employees, officers, directors, and consultants of the Company (or of any of its affiliates) are eligible to participate in the Equity Incentive Plan if selected by the Compensation Committee of the Company (the "Participant"). The basis of participation of an eligible recipient of an Award under the Equity Incentive Plan, and the type and amount of any Award that an individual will be entitled to receive under the Equity Incentive Plan, will be determined by Company Board and/or Compensation Committee based

on their judgment as to the best interests of the Company and its shareholders, and therefore cannot be determined in advance.

The maximum number of Subordinate Voting Shares that may be issued under the Equity Incentive Plan shall be determined by the Company Board from time to time, but in no case shall exceed, in the aggregate, 15% of the number of Subordinate Voting Shares (including the number of Subordinate Voting Shares underlying the Multiple Voting Shares and Super Voting Shares on an "as if converted" basis) then outstanding. However, the total number of Incentive Stock Options may not exceed 15,651,365. Any shares subject to an Award under the Equity Incentive Plan that are forfeited, cancelled, expire unexercised, are settled in cash, or are used or withheld to satisfy tax withholding obligations of a Participant shall again be available for Awards under the Equity Incentive Plan.

In the event of any change that is made in, or other events that occur with respect to, the Subordinate Voting Shares subject to the Plan or subject to any Award after the Effective Date without the receipt of consideration by the Company through merger, consolidation, reorganization, recapitalization, reincorporation, stock dividend, dividend in property other than cash, large nonrecurring cash dividend, stock split, reverse stock split, liquidating dividend, combination of shares, exchange of shares, change in corporate structure or any similar equity restructuring transaction, as that term is used in Statement of Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto), the Company Board may (and in some cases, shall) adjust, as appropriate in order to prevent dilution or enlargement of, the rights of Participants under the Equity Incentive Plan, to (i) the number and kind of securities which may thereafter be issued in connection with Awards, (ii) the number and kind of securities that may be issued pursuant to the exercise of ISOs, and (iii) the number and kind of shares issuable in respect of outstanding Awards.

Awards

Options

The Company Board or Compensation Committee, in the case of a new hire, is authorized to grant Options under the Equity Incentive Plan to purchase Subordinate Voting Shares that are either ISOs meaning they are intended to satisfy the requirements of Section 422 of the Code, or NQSOs, not intended to satisfy the requirements of Section 422 of the Code; provided, however, that eligibility to receive an Award of ISOs is limited to employees of the Company or any subsidiary corporation of the Company. Consultants and non-employee directors are not eligible to receive ISOs. Unless the Company Board or Compensation Committee determines otherwise in the case of an Option substituted for another Option in connection with a corporate transaction, the exercise price of an Option will not be less than the fair market value (as determined under the Equity Incentive Plan) of the shares at the time of grant. Options will be subject to such terms, including the exercise price and the conditions and timing of exercise, as may be determined by the Compensation Committee and specified in the applicable award agreement. The maximum term of an Option will be ten years from the date of grant (or five years in the case of an ISO granted to a 10% shareholder). Payment in respect of the exercise of an Option may be made in cash or by check, or by such other method as the Company Board or Compensation Committee may determine to be appropriate, including by loan or other extension of credit from the Company (or an affiliate), by surrender of unrestricted shares (at their fair market value on the date of exercise) and other cashless exercise arrangements. The Company Board or Compensation Committee may, in its discretion, accelerate the vesting and exercisability of Options. Unless otherwise provided in the applicable award agreement or as may be determined by the Company Board or Compensation Committee, upon a Participant's termination of service with the Company the unvested portion of an Option will be forfeited.

Restricted Stock

A restricted stock award is a grant of Subordinate Voting Shares, which are subject to forfeiture restrictions during a restriction period. The Company Board or Compensation Committee will determine the price, if any, to be paid by the Participant for each Subordinate Voting Share subject to a restricted stock award. If any payment is required, it may be paid in cash, by check, or by such other method as the Company Board or Compensation Committee may determine to be appropriate, including by surrender of unrestricted shares or by loan or other extension of credit from the Company (or an affiliate). The Company Board or Compensation Committee may condition the expiration of the restriction period, if any, upon: (i) the Participant's continued service over a period of time with the Company or its affiliates; (ii) the achievement by the Participant, the Company or its affiliates of any other performance goals set by the Compensation Committee; or (iii) any combination of the above conditions as specified in the applicable award agreement. If the specified conditions are not attained, the Participant will forfeit the portion of the restricted stock award with respect to which of those conditions are not attained, and the underlying Subordinate Voting Shares will be forfeited or repurchased. At the end of the restriction period, if the conditions (if any) have been satisfied, the restrictions imposed will lapse with respect to the applicable number of Subordinate Voting Shares. During the restriction period, unless otherwise provided in the applicable award agreement, a Participant will have the right to vote the shares underlying the restricted stock and dividends will be paid as determined by the Company Board or Compensation Committee. The Company Board or Compensation Committee may, in its discretion, accelerate the vesting and delivery of shares of restricted stock. Unless otherwise provided in the applicable award agreement or as may be determined by the Company Board or Compensation Committee, upon a Participant's termination of service with the Company or its affiliates, the unvested portion of a restricted stock award will be forfeited or repurchased.

RSUs

RSUs are granted in reference to a specified number of Subordinate Voting Shares and entitle the holder to receive, on achievement of specific performance goals established by the Company Board or Compensation Committee, after a period of continued service with the Company or its affiliates or any combination of the above as set forth in the applicable award agreement, one Subordinate Voting Share for each such Subordinate Voting Share covered by the RSU; provided, that the Company Board or Compensation Committee may elect to pay cash, or part cash and part Subordinate Voting Shares in lieu of delivering only Subordinate Voting Shares. The Company Board or Compensation Committee will determine the consideration, if any, to be paid by the Participant for each Subordinate Voting Share subject to an RSU. If any payment is required, it may be paid in any form of legal consideration that may be acceptable to the Company Board or Compensation Committee, including by loan or other extension of credit from the Company (or an affiliate). The Company Board or Compensation Committee may, in its discretion, accelerate the vesting of RSUs. Unless otherwise provided in the applicable award agreement or as may be determined by the Company Board or Compensation Committee, upon a Participant's termination of service with the Company or its affiliates, the unvested portion of the RSUs will be forfeited. RSU holders will not have any shareholder rights, including voting or dividend rights, with respect to their RSUs until Subordinate Voting Shares are issued in settlement of such RSUs; provided that the Company Board or Compensation Committee may provide for dividend equivalents, subject to applicable terms and conditions. The Company Board or Compensation Committee may, in its discretion, accelerate the vesting of RSUs. Unless otherwise provided in the applicable award agreement or as may be determined by the Company Board or Compensation Committee, upon a Participant's termination of service with the Company and its affiliates, the unvested portion of an RSU award will be forfeited.

Stock Appreciation Rights

A stock appreciation right (a "SAR") entitles the recipient to receive, upon exercise of the SAR, a payment in an amount equal to the increase in the fair market value of a specified number of Subordinate Voting Shares from the date of the grant of the SAR and the date of exercise payable in Subordinate Voting Shares. Any grant may specify a vesting period or periods before the SAR may become exercisable and permissible dates or periods on or during which the SAR shall be exercisable. No SAR may be exercised more than ten years from the grant date. Upon a Participant's termination of service with the Company and its affiliates, the same general conditions applicable to Options as described above would be applicable to the SAR. Company Board or Compensation Committee may, in its discretion, accelerate the vesting of SARs. Unless otherwise provided in the applicable award agreement or as may be determined by the Company Board or Compensation Committee, upon a Participant's termination of service with the Company and its affiliates, the unvested portion of an SAR will be forfeited.

Substitute Awards

If the Company or an affiliate acquires another company by merger, consolidation, stock purchase or asset purchase (an "Acquired Entity"), the Board may authorize the grant of Substitute Awards to current and former employees, directors and consultants of the Acquired Entity in substitution for stock and stock-based awards ("Acquired Entity Awards") held by the current and former employees, directors or consultants of the Acquired Entity to in order to preserve the economic value of the Acquired Entity Awards, subject to Canadian securities laws. The number of shares and the exercise price or purchase price (if applicable) underlying the Substitute Awards will be adjusted as the Company Board determines necessary to achieve preservation of economic value.

General

The Company Board or Compensation Committee may impose restrictions on the grant, exercise or payment of an Award as it determines appropriate. Generally, Awards granted under the Equity Incentive Plan shall be nontransferable except by will or by the laws of descent and distribution.

In general, no Participant shall have any rights as a shareholder with respect to Subordinate Voting Shares covered by Options, SARs, or RSUs, unless and until such Awards are settled in Subordinate Voting Shares.

No Option (or, if applicable, SARs) shall be exercisable, no Subordinate Voting Shares shall be issued, no certificates for Subordinate Voting Shares shall be delivered and no payment shall be made under the Equity Incentive Plan except in compliance with all applicable laws.

The Company Board may amend, alter, suspend, discontinue or terminate the Equity Incentive Plan and the Company Board may amend any outstanding Award at any time; provided that (i) such amendment, alteration, suspension, discontinuation, or termination shall be subject to the approval of the Company's shareholders if such approval is necessary to comply with any tax or regulatory requirement applicable to the Equity Incentive Plan (including, without limitation, as necessary to comply with any rules or requirements of an applicable securities exchange), and (ii) no such amendment or termination may adversely affect Awards then outstanding without the Award holder's permission.

In the event of a change in control, as defined in the Equity Incentive Plan, the Company Board may, in its sole discretion, cause any (or a combination) of the following to be effective upon the consummation of the

change in control (or effective immediately prior to the consummation of the change in control, provided that the consummation of the change in control subsequently occurs):

- terminate the Award, whether or not vested, in exchange for cash and/or other property, if any, equal to the amount that would have been attained upon the exercise of the vested portion of such Award or upon lapse of any restriction period as determined by the Company Board);

- cause the successor or survivor corporation, or its parent company to assume the Award or to substitute the Award for similar awards for the stock of the successor or survivor corporation, or its parent company, with appropriate adjustments as to the number and kind of shares and prices;

- accelerate the time period during which Options and SARs may be exercised so that such Options and SARs may be exercised prior to the consummation of the change in control;

- accelerate vesting and settlement of the Award and cause any or all forfeiture conditions to lapse; or

- terminate any Award that is not vested or cannot be exercised prior to the consummation of the change in control.

Tax Withholding

The Company may take such action as it deems appropriate to ensure that all applicable federal, state, local and/or foreign payroll, withholding income or other taxes, which are the sole and absolute responsibility of a Participant, are withheld or collected from such Participant.

10. Description of the Securities

10.1 Description of Securities

Jushi is authorized to issue an unlimited number of Subordinate Voting Shares, multiple voting shares of the Company (the "Multiple Voting Shares") and super voting shares (the "Super Voting Shares"). There are 91,592,638 Subordinate Voting Shares, 4,000,000 Multiple Voting Shares and 149,000 Super Voting Shares issued and outstanding.

Subordinate Voting Shares

Right to Notice and Vote	Holders of Subordinate Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of Jushi, except a meeting of which only holders of another particular class or series of shares of Jushi will have the right to vote. At each such meeting, holders of Subordinate Voting Shares will be entitled to one vote in respect of each Subordinate Voting Share held.
Class Rights	As long as any Subordinate Voting Shares remain outstanding, Jushi will not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right

	attached to the Subordinate Voting Shares. Holders of Subordinate Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of Jushi.
Dividends	Holders of Subordinate Voting Shares will be entitled to receive as and when declared by the directors of Jushi, dividends in cash or property of Jushi. No dividend will be declared or paid on the Subordinate Voting Shares unless Jushi simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Super Voting Shares.
Participation	In the event of the liquidation, dissolution or winding-up of Jushi, whether voluntary or involuntary, or in the event of any other distribution of assets of Jushi among its shareholders for the purpose of winding up its affairs, the holders of Subordinate Voting Shares will, subject to the prior rights of the holders of any shares of the Company ranking in priority to the Subordinate Voting Shares, be entitled to participate ratably along with all other holders of Subordinate Voting Shares and Super Voting Shares (on an as-converted to Subordinate Voting Share basis).
Changes	No subdivision or consolidation of the Subordinate Voting Shares, Multiple Voting Shares or Super Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.
Conversion	In the event that (1) an offer is made to purchase Multiple Voting Shares or Super Voting Shares, and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange, if any, on which the Subordinate Voting Shares are then listed, to be made to all or substantially all the holders of Multiple Voting Shares or Super Voting Shares, as applicable, in a province or territory of Canada to which the requirement applies, and (2) a concurrent equivalent offer is not made in respect of the Subordinate Voting Shares, then each Subordinate Voting Share shall become convertible at the option of the holder into Multiple Voting Shares or Super Voting Shares, as applicable, at the inverse of the Conversion Ratio (as defined in the articles, as applicable) then in effect, at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion may only be exercised in respect of Subordinate Voting Shares for the purpose of depositing the resulting Multiple Voting Shares or Super Voting Shares, as applicable, under the offer, and for no other reason, and shall not provide holders of Subordinate Voting Shares any beneficial ownership of Multiple Voting Shares or Super Voting Shares, as applicable, but only in the consideration under the offer. In such event, the transfer agent for the Subordinate Voting Shares shall deposit under the offer the resulting Multiple Voting Shares or Super Voting Shares, as applicable, on behalf of the holder. If Multiple Voting Shares or Super

	Voting Shares, as applicable, resulting from the conversion and deposited pursuant to the offer are withdrawn by the holder or are not taken up by the offeror, or the offer is abandoned, withdrawn or terminated by the offeror or the offer otherwise expires without such Multiple Voting Shares or Super Voting Shares, as applicable, being taken up and paid for, the Multiple Voting Shares or Super Voting Shares, as applicable, resulting from the conversion will be automatically re-converted into Subordinate Voting Shares at the Conversion Ratio then in effect, shall be deemed to have never been outstanding, and a share certificate representing the Subordinate Voting Shares or electronic evidence of such Subordinate Voting Shares issued in a non-certificate manner will be sent to the holder by the transfer agent. In the event that the offeror takes up and pays for the Multiple Voting Shares or Super Voting Shares, as applicable, resulting from conversion, the transfer agent shall deliver to the holders thereof the consideration paid for such shares by the offeror.
Odd Lots	In the event that holders of Subordinate Voting Shares are entitled to convert their Subordinate Voting Shares into Super Voting Shares in connection with an offer, holders of an aggregate of Subordinate Voting Shares of less than 100 (an "Odd Lot"), subject to any adjustments to the initial Conversion Ratio pursuant to the adjustment provisions of the Subordinate Voting Shares or the Super Voting Shares, as applicable, designed to preserve their relative rights, will be entitled to convert all but not less than all of such Odd Lot of Subordinate Voting Shares into a fraction of one Super Voting Share, at the inverse of the Conversion Ratio then in effect, provided that such conversion into a fractional Super Voting Share will be solely for the purpose of tendering the fractional Super Voting Share to the offer in question and that any fraction of a Super Voting Share that is tendered to the offer but that is not, for any reason, taken up and paid for by the offeror will automatically be reconverted into the Subordinate Voting Shares that existed prior to such conversion.
Multiple Voting Shares	
Right to Notice and Vote	Holders of Multiple Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of Jushi, except a meeting of which only holders of another particular class or series of shares of Jushi will have the right to vote. At each such meeting, holders of Multiple Voting Shares will be entitled to ten (10) votes in respect of each Subordinate Voting Share into which such Multiple Voting Share could ultimately then be converted (currently ten (10) votes per Multiple Voting Share held).
Class Rights	As long as any Multiple Voting Shares remain outstanding, the Company will not, without the consent of the holders of the Multiple Voting Shares and Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Multiple Voting Shares. In connection with the exercise of such voting rights, each holder of Multiple Voting Shares will have one vote in respect of each Multiple Voting Share held.

Dividends	The holders of Multiple Voting Shares shall have the right to receive dividends, out of any cash or other assets legally available therefor, pari passu (on an as converted basis, assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares at the applicable Conversion Ratio) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares. No dividend will be declared or paid on the Multiple Voting Shares unless the Company simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Subordinate Voting Shares and Super Voting Shares.
Participation	In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of Multiple Voting Shares shall, subject to the prior rights of the holders of any shares of the Company ranking in priority to the Multiple Voting Shares, be entitled to participate rateably, on an as-converted to Subordinate Voting Share basis, along with all other holders of Subordinate Voting Shares and Super Voting Shares (on an as-converted to Subordinate Voting Share basis).
Changes	No subdivision or consolidation of the Subordinate Voting Shares, Multiple Voting Shares or Super Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.
Conversion	The Multiple Voting Shares each have a restricted right to convert into one (1) Subordinate Voting Share (the “Conversion Ratio”), subject to adjustments for certain customary corporate changes. The ability to convert the Multiple Voting Shares is subject to a restriction on beneficial ownership of Subordinate Voting Shares exceeding certain levels. In addition, the Multiple Voting Shares will be automatically converted into Subordinate Voting Shares in certain circumstances, including upon the registration of the Subordinate Voting Shares under the United States Securities Act of 1933, as amended.

Super Voting Shares

Right to Notice and Vote	Holders of Super Voting Shares will be entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company will have the right to vote. At each such meeting, holders of Super Voting Shares will be entitled to 10 votes in respect of each Subordinate Voting Share into which such Super Voting Share could ultimately then be converted (currently 1,000 votes per Super Voting Share held).

Class Rights	As long as any Super Voting Shares remain outstanding, the Company will not, without the consent of the holders of the Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Super Voting Shares. Additionally, consent of the holders of a majority of the outstanding Super Voting Shares will be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Super Voting Shares. In connection with the exercise of the voting rights in respect of any such approvals, each holder of Super Voting Shares will have one vote in respect of each Super Voting Share held. The holders of Super Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, bonds, debentures or other securities of the Company not convertible into Super Voting Shares.
Dividends	The holders of Super Voting Shares shall have the right to receive dividends, out of any cash or other assets legally available therefor, pari passu (on an as converted basis, assuming conversion of all Super Voting Shares into Subordinate Voting Shares at the applicable Conversion Ratio) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares.
Participation	In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of Super Voting Shares shall be entitled to participate rateably, on an as-converted to Subordinate Voting Share basis, along with all other holders of Subordinate Voting Shares and Multiple Voting Shares (on an as-converted to Subordinate Voting Share basis).
Changes	No subdivision or consolidation of the Subordinate Voting Shares or Super Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares and Super Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.
Conversion	The Super Voting Shares each have a restricted right to convert into 100 Subordinate Voting Shares (the “Conversion Ratio”), subject to adjustments for certain customary corporate changes. The ability to convert the Super Voting Shares is subject to a restriction that the aggregate number of Subordinate Voting Shares and Super Voting Shares held of record, directly or indirectly, by residents of the U.S. (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Securities Exchange Act of 1934, as amended, may not exceed forty five percent (45%) of the aggregate number of Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares issued and outstanding after giving effect to such conversions and to a restriction on beneficial ownership of Subordinate Voting Shares exceeding certain levels. In

addition, each Super Voting Share shall automatically be converted in certain circumstances.

Debt Securities

Jushi is contemplating additional debt or equity financing to fund its pipeline acquisitions. While the Company has been successful in securing financings in the past, there is no assurance that it will be able to obtain adequate financing or that such financing will be available on acceptable terms.

See also Section 3 – Completed and Pending Acquisitions for a summary of seller Notes issued or to be issued.

Prior Sales

Jushi has issued the following securities since incorporation on January 23, 2018 to the date hereof.

Date	Number and Type of Securities(1)	Issue Price (US$)	Aggregate Issue Price (US$)
16-Oct-19	750,000 Subordinate Voting Shares	$1.00	$750,000
23-Sep-19	2,095,000 Subordinate Voting Shares	$1.6	$3,372,950
10-Jul-19	1,5003,372,942000 Subordinate Voting Shares	$2.07	$6,981,990
10-Jul-19	1,872,942 Subordinate Voting Shares	$2.48	$4,635,531
7-Jun-19	2,317,500 Subordinate Voting Shares	$2.00	$4,635,000
6-Jun-19	1,444,371 Subordinate Voting Shares	$2.75	$3,972,020
5-Jun-19	24,800,098 Subscription Receipts	$2.75	$68,200,270
5-Jun-19	413,266 Subordinate Voting Shares	$2.75	$1,136,482
Mar-19	8,080,000 Class B Units(2)	$2.00	$16,160,000
Oct-18	2,000,000 Class B Units	$1.50	$3,000,000
Jun-18	13,194,281 Class B Units	$1.35	$17,812,279
Apr-18	6,000,000 Class B Units	$1.00	$6,000,000
Mar-18	21,000,000 Class B Units	$1.00	$21,000,000
Feb-18	4,000,000 Multi-Voting Shares(3)	$0.63	$2,5000,000
Feb-18	1,900,000 Subordinate Voting Shares	$0.50	$950,000

Feb-18	14,900,000 Super Voting Shares(4)	$0.32-$0.50	$6,950,000

Notes:

(1) Does not include restricted stock grants or 450,000 private company shares held in escrow that may be transferred into 450,000 Subordinate Voting Shares subject to certain conditions being met.
(2) Consists of one Subordinate Voting Share and one half of a warrant.
(3) Consists of one Multi-Voting Share and a full warrant.
(4) Consists of one Class A Share and a full warrant.

Stock Exchange Price

Jushi has been trading on the NEO Exchange since June 10, 2019. The chart below sets out the monthly high and low trade price (in CAD$), and aggregate monthly trade volume.

Month	Minimum Trade Price	Maximum Trade Price	Aggregate Monthly Trade Volume
June 2019	2.74	3.65	1,460882
July 2019	2.38	2.92	2,092,329
August 2019	1.97	2.63	1,239,636
September 2019	1.87	2.59	1,360,026
October 2019	1.70	2.37	2,065927
November 2019	1.34	2.20	2,152,239

11. Escrowed Securities

Escrowed Securities

The Company is not subject to escrow.

In connection with the Business Combination, insiders and certain other investors agreed contractually to rolling lock-up agreements where shares are released on a percentage basis generally over a year from the Business Combination. Initially, 12,833,167 Subordinate Voting Shares, 149,000 Super Voting Shares and 4,000,000 Multi-Voting Shares were subject to lock-up agreements. The Insider's lock-up agreements are subject to a rolling lock-up period of sixteen months with the first 10% released six months following the listing of Jushi Holdings shares on the NEO Exchange (December 10, 2019). The Investor's lock-up agreements are subject to a rolling lock-up period of twelve months with the first 10% released following the listing of Jushi Holdings shares on the NEO Exchange (June 10, 2019).

12. Principal Shareholders

Principal Security Holders

The following table sets forth, to the best of Jushi's knowledge, as of the date hereof, the persons or companies who beneficially own, directly or indirectly, or exercise control or direction over, directly or indirectly,10% or more of the Subordinate Voting Shares.

Name, Jurisdiction of Residence	Number of Shares	Class of Shares	Ownership	Number and Percentage of Class	Voting Percentage (Based on all Shares Outstanding)(1)(2)
James Cacioppo Florida, United States	114,000	Super Voting Shares	Direct/ Beneficial	76.5%	40.6%
James Cacioppo Florida, United States	1,656,092	Subordinate Voting Shares	Direct and Indirect/ Beneficial (3)	1.8%	0.6%
Denis Arsenault Portugal	4,000,000	Multiple Voting Shares	Direct/ Beneficial	100%	14.3%
Denis Arsenault Portugal	2,069,853	Subordinate Voting Shares	Direct/ Beneficial	2.3%	0.74%

Notes:

(1) Percentage of shares outstanding prior to the exercise of any outstanding warrants or options and excludes unvested restricted stock.

(2) On a fully-diluted basis, the percentages would be 32.7%, 0.005%, 11.5% and 0.59%, respectively.

(3) Indirect ownership includes ownership by One East Capital Advisors, OEP Opportunities, L.P. and ST2 LLC.

Voting Trusts

To the knowledge of the Company, no voting trust exists within the Company such that more than 10% of any class of voting securities of the Company are held, or are to be held, subject to any voting trust or other similar agreement.

Associates and Affiliates

To the knowledge of the Company, none of the principal security holders listed above is an Associate (as defined in the *Securities Act* (British Columbia)) or Affiliate (as described in National Instrument 45-106 – *Prospectus Exemptions*) of any other principal security holder.

13 Directors and Officers

Information relating to Directors and Officers

The following table sets out, for each of Jushi's directors and executive officers, the person's name, age, state and country of residence, position with Jushi, principal occupation(s) during the last five (5) years, and, if an existing officer of Jushi prior to the Business Combination, the date on which the person became

such an officer. Jushi's directors were elected at the shareholders' meeting held on April 29, 2019 and are expected to hold office unless they resign prior thereto or are removed by the shareholders of Jushi.

The size of the initial Company Board is seven (7) directors. As only six (6) directors were elected at the shareholders' meeting held on April 29, 2019, there is a vacancy of one (1) director on Jushi's Board. Jushi's Board intends to fill such vacancy soon with an appropriately qualified individual, which individual Jushi is in the process of identifying.

Under National Instrument 52-110 – *Audit Committees* ("NI 52-110"), an independent director is one who is free from any direct or indirect relationship which could, in the view of Jushi's Board, be reasonably expected to interfere with a director's exercise of independent judgment. James Cacioppo, Erich Mauff, and Max Cohen are not considered independent. Benjamin Cross, Stephen Monroe and Peter Adderton are considered independent.

The compensation for each independent director is US$50,000 per year, to be paid quarterly, and US$100,000 in restricted stock, which will vest after one complete year of service. The Audit Committee Chair will receive an additional US$50,000 in restricted stock for the first year, which will vest quarterly.

Directors and Officers

Name and State and Country of Residence	Age	Position(s) within Jushi	Jushi Officer Since	Principal Occupation(s)	Number of Securities of Jushi Directly or Indirectly Held[(1)]
James Cacioppo[(2)(4)] Florida, U.S.	56	CEO and Director	January 2018	CEO of Jushi (January 2018 to Present); Managing Partner, One East Partners (April 2006 to Present)	114,000 Super Voting Shares 1,656,092 Subordinate Voting Shares
Erich Mauff New York, U.S.	52	Co-President and Director	January 2018	President of Jushi (January 2018 to Present); CEO, Grey Lourie LLC (December 2015 to January 2016); Vice-Chairman, Deutsche Bank (March 1999 to December 2015)	20,000 Super Voting Shares 1,302,403 Subordinate Voting Shares
Kimberly Bambach Florida, U.S.	48	CFO	November 2018	CFO of Jushi (November 2018 to Present); CFO, Bidtellect	875,000 Subordinate Voting Shares

				Inc. (August 2016 to November 2018); CFO, Hooklogic Inc. (March 2013 to August 2016)	
Max Cohen Colorado, U.S.	41	COO and Director	N/A	Owner / Manager of HMS LLC (November 2009 to Present)	1,942,500 Subordinate Voting Shares
Benjamin Cross(2)(3)(4)(5) Connecticut, U.S.	64	Director	N/A	Managing Director of Morgan Stanley (May 1995 to May 2015)	159,171 Subordinate Voting Shares
Stephen Monroe(2)(3)(4)(5) New York, U.S.	59	Director	N/A	President and Managing Partner of Liquid Capital Alternative Funding (March 2016 to Present); Royal Bank of Scotland (May 2009 to October 2015)	88,756 Subordinate Voting Shares
Peter Adderton(3)(5) California, U.S.	52	Director	N/A	CEO of Boost Mobile Australia (2017 to Present); CEO of 360fly (2015 to 2017); CEO Digital Turpine (2014)	59,171 Subordinate Voting Shares
Louis J. Barack Florida, U.S.	42	Co-President and Corporate Secretary	February 2018	EVP, Business Development of Jushi (January 2018 to Present); Director of Research, One East Capital Advisors (October 2013 to March 2018)	15,000 Super Voting Shares 836,500 Subordinate Voting Shares

Notes:

(1) Excludes any options or warrants held by such persons.

(2) Member of Jushi Compensation Committee.

(3) Member of Jushi Audit Committee.
(4) Member of Jushi Nominating and Corporate Governance Committee.
(5) Independent Director.

Biographies

The following are brief profiles of Jushi's executive officers and directors.

James Cacioppo, Founder, CEO and Chairman

James brings managerial, start-up, financial and investing experience to his role as Founder, CEO and Chairman of Jushi. Prior to founding Jushi, James spent over two decades managing the business and allocating capital in senior management positions at several large hedge funds; two of which were early stage success stories. James is Co-Founder and Managing Partner of One East Partners (US$2.3 billion (peak AUM)). Previously, James served as President and Co-Portfolio Manager of Sandell Asset Management (US$5.0 billion (peak AUM)) and Head of Distressed Debt for Halcyon Management, a global investment firm with over US$9 billion in assets. James earned his BA from Colgate University and his MBA from Harvard University.

Erich Mauff, Founder, Co-President and Director

Erich brings financial and managerial experience to his role as Founder, President and Director of Jushi. Erich spent over 20 years at Deutsche Bank, first heading Capital Markets & Treasury Solutions group, then serving as Managing Director and Vice Chairman of Corporate Finance North America. Erich's fierce work ethic extends beyond even his executive experience—in 1992, Erich competed in the Olympics for South Africa's Men's rowing team. Erich earned his BA from Brown University.

Max Cohen, COO and Director

Max brings operational experience in the cannabis industry to his role as COO at Jushi. Max serves as Founder and CEO of The Clinic™, a large-scale cannabis retailer. Max is a founding member of the Marijuana Industry Group and a member of the Board of Directors for the National Cannabis Industry Organization (a national marijuana lobbying and policy organization). Max was a founding board member pre-IPO of Green Thumb Industries (GTI). Max earned his BS in Business Administration from the University of Montana.

Benjamin Cross, Director

Benjamin brings extensive financial markets experience and commodities knowledge to his role as Director at Jushi. Benjamin spent 20 years at Morgan Stanley in both their London and New York offices in the Commodities Division until his retirement in 2015 as a Managing Director at the firm. Prior to joining Morgan Stanley, Benjamin worked at Merrill Lynch and the commodities exchange. Benjamin earned his BS from Cornell University. Presently, Benjamin is a Board Advisor to Ursa Space, a geospatial intelligence firm with an emphasis in measuring global oil inventories.

Stephen Monroe, Director

Stephen brings vast experience in financial markets and risk management to his role as Director at Jushi. Stephen is President and Managing Partner of Liquid Capital Alternative Funding (LCAF), an asset-based lender. Prior to joining LCAF, Stephen served as National Sales Manager for Short Duration Products at JP Morgan; and previously in a variety of senior management positions covering cash and short duration products at Barclays and the Royal Bank of Scotland. Stephen earned his BA from Williams College.

Peter Adderton, Director

Peter brings invaluable operational and marketing expertise to his role as Director at Jushi. Peter is a Director and Founder of Boost Mobile, a wireless telecommunications brand based in Australia. Under his leadership, Boost Mobile USA was purchased by Nextel/Spring and remains a wholly owned subsidiary of Spring Nextel. Prior to founding Boost Mobile, Peter founded Amp'd Mobile, a wireless company and Mandalay Digital, now Digital Turbine, a mobile solutions provider. At Mandalay Digital, Peter was the Company's CEO and Director leading it to become a NASDAQ listed company. Peter graduated from Sydney Technical College.

Kimberly Bambach, Chief Financial Officer

Kimberly brings impressive financial and executive experience to her position as CFO at Jushi. Prior to joining the Jushi team, Kimberly served as CFO for a number of high growth ventured back start-ups including BidTellect and Hooklogic. Kimberly has over 25 years' experience in management and finance for both large public and private corporations. Kimberly earned her BA from SUNY Brockport and her MBA from Pace University.

Louis J. Barack, Founder, Co-President and Corporate Secretary

Jon brings extensive financial and cannabis industry investing experience (both public and private) to his role as Founder and EVP of Business Development at Jushi. Jon spent over ten years in investments at various hedge funds, including five years at One East Capital Advisors where he focused on cannabis investments. Jon earned his BA from Princeton University and his JD/MBA from Northwestern University.

13.4 Standing Committees of the Board

The standing committees of Jushi's Board are the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee.

Audit Committee

The Audit Committee is comprised of Benjamin Cross, Stephen Monroe and Peter Adderton, each of which is independent within the meaning of NI 52-110. Stephen Monroe will be the Chair of the Audit Committee. Each Audit Committee member is "financially literate" within the meaning of NI 52-110 and possesses education or experiences that is relevant for the performance of their responsibilities as an Audit Committee member. The duties of the Audit Committee are set out in an audit committee mandate that give the Audit Committee responsibility for, among other things, oversight of Jushi's internal accounting and financial reporting practices, financial statements and financial disclosures, Jushi's auditors, and compliance with legal and other regulatory requirements.

Compensation Committee

The Compensation Committee is comprised of James Cacioppo, Benjamin Cross and Stephen Monroe. James Cacioppo will be the Chair of the Compensation Committee. The objective of the Compensation Committee in setting compensation levels is to attract and retain individuals of high caliber to serve as officers of Jushi, to motivate their performance to achieve Jushi's strategic objectives and to align the interests of executive officers with the long-term interests of the shareholders of Jushi. These objectives are designed to ensure that Jushi continues to grow on an absolute basis as well as to grow cash flow and earnings for shareholders of Jushi. The Compensation Committee sets the compensation received by Named Executive Officers ("NEOs") to be generally competitive with the compensation received by persons with similar qualifications and responsibilities who are engaged by other companies of corresponding size, stage of development, having similar assets, number of employees, market capitalization and profit margin.

In setting such levels, the Compensation Committee relies primarily on their own experience and knowledge.

The Compensation Committee is be composed of a majority of independent directors and is be responsible for:

(a) reviewing and approving goals and objectives relevant to the CEO's compensation;

(b) evaluating the CEO's performance with respect to those goals and objectives;

(c) determining the CEO's compensation (both cash-based and equity-based);

(d) reviewing and approving the Equity Incentive Plan; and

(e) making recommendations to Jushi's Board with respect to compensation of other senior officers and directors.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is composed of a majority of independent directors and will be responsible for identifying individuals qualified to become new board members and recommending to Jushi's Board the new director nominees for the next annual meeting of shareholders. The initial members of the Nominating and Corporate Governance Committee are James Cacioppo, Benjamin Cross and Stephen Monroe. James Cacioppo is the Chair of the Nominating and Corporate Governance Committee. In making its recommendations, the Nominating and Corporate Governance Committee will consider a number of factors, including:

(a) the competencies and skills that Jushi considers to be necessary for it, as a whole, to possess;

(b) the diversity of Jushi's Board composition;

(c) the competencies and skills that Jushi considers each existing director to possess; and,

(d) the competencies and skills each new nominee will bring to the boardroom.

Disclosure of Principal Occupation & Other Reporting Issuer Experience

The following table sets out the directors and officers of the Company that are or have been within the last five (5) years, directors, officers or promoters of other reporting issuers. No other Board members or officers act an officer for a person or company other than the Company.

Name	Name and Jurisdiction of Reporting Issuer	Principal Business of Reporting Issuer	Name of Trading Market	Position	From	To
James Cacioppo	Texas Petrochemicals (Delaware)	Produces value-added products derived from	Nasdaq	Director	April 2008	January 2013

		petrochemical raw materials such as C4 hydrocarbons, and a provider of critical infrastructure and logistics services along the Gulf Coast of Texas				
	Affinity Gaming (Nevada)	Private casino operator in the U.S.	Not Listed	Director	August 2014	March 2017
	Viscount Systems Inc. (Nevada)	Manufactures and distributes intercom and access control security products in the U.S.	OTC	Director	August 2015	Present

Director or Officer Control of Issuer

As a result of the Super Voting Shares and Subordinate Voting Shares that they hold, James Cacioppo, Erich Mauff and Louis J. Barack collectively control the voting power in respect of the Company's outstanding shares. The Subordinate Voting Shares are entitled to one vote per share, the Multiple Voting Shares are entitled 10 votes in respect of each Subordinate Voting Share into which such Multiple Voting Share could ultimately then be converted, and the Super Voting Shares are entitled to 10 votes in respect of each Subordinate Voting Share into which such Super Voting Share could ultimately then be converted (currently, 1,000 votes per Super Voting Share held). As a result, James Cacioppo, Erich Mauff and Louis J. Barack have the ability to control the outcome of all matters submitted to the Company's shareholders for approval, including, without limitation, 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 J. 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.

Penalties or Sanctions

No director or executive officer of Jushi has: (i) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Bankruptcies & Cease Trade Orders

Within the 10 years prior to the date of this Listing Statement, none of the proposed directors, officers or promoters of Jushi or any securityholder anticipated to hold a sufficient number of securities of Jushi to affect materially the control of Jushi, or a personal holding company of any such persons, has become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

None of Jushi's directors or executive officers has, within the 10 years prior to the date of this Listing Statement, been a director, chief executive officer or chief financial officer of any company (including Jushi) that, while such person was acting in that capacity (or after such person ceased to act in that capacity but resulting from an event that occurred while that person was acting in such capacity) was the subject of a cease trade order, an order similar to a cease trade order, or an order that denied the company access to any exemption under securities legislation, in each case for a period of more than 30 consecutive days. None of Jushi's directors or executive officers has, within the 10 years prior to the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or comprise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of such director or executive officer, been a director or executive officer of any company, that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or comprise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors, officers and promoters of the Company also holding positions as directors or officers of other companies. They also invest and may invest in businesses, including in the cannabis sector, that compete directly or indirectly with the Company or act as customers or suppliers of the Company. Some of the individuals that are directors and officers of the Company have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Company will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies provided under BCBCA.

To the best of Jushi's knowledge, other than as disclosed in this Listing Statement, there are no known existing or potential material conflicts of interest among Jushi or a subsidiary of Jushi and a director or officer of Jushi or a subsidiary of Jushi as a result of their outside business interests except that**: (i)** certain of Jushi's or its subsidiaries' directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies, and (ii) certain of Jushi's or its subsidiaries' directors and officers have portfolio investments consisting of minority stakes in businesses that may compete directly or indirectly with Jushi or act as a customer of, or supplier to, Jushi.

13.11 Management

Name and Age	Position(s) within Jushi (Full-Time or Part-Time)	Officer Since	Principal Occupation(s) Last Five Years	Non-Compete and/or Non-Disclosure

James Cacioppo, 56	CEO and Director (Full-Time Employee)	January 2018	CEO of Jushi (January 2018 to Present); Managing Partner, One East Partners (April 2006 to Present)	Yes
Erich Mauff New York, 52	President and Director (Full-Time Employee)	January 2018	President of Jushi (January 2018 to Present); CEO, Grey Lourie LLC (December 2015 to January 2016); Vice-Chairman, Deutsche Bank (March 1999 to December 2015)	Yes
Kimberly Bambach, 48	CFO (Full-Time Employee)	November 2018	CFO of Jushi (November 2018 to Present); CFO, Bidtellect Inc. (August 2016 to November 2018); CFO, Hooklogic Inc. (March 2013 to August 2016)	Yes
Max Cohen Colorado, 41	COO and Director (Part-Time Employee, 50% of His Time)	N/A	COO of Jushi 50% of time; Owner / Manager of HMS LLC (November 2009 to Present) 50% of time	Yes

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14. Capitalization

Issued Capital as of 12.3.19

Subordinate Voting Shares

	Number of Securities (non-diluted)[1]	**Number of Securities (fully-diluted)[2]**	**%of Issued (non-diluted)**	**% of Issued (fully diluted)**
Public Float				
Total outstanding (A)	91,592,638	177,993,981		
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)[4]	13,625,111	53,245,701	15%	30%
Total Public Float (A-B)	77,967,527	124,748,280	85%	70%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)	6,552,556[3]	10,247,185[3]	7%	6%

Total Tradeable Float (A-C)	85,040,082	167,746,796	93%	94%

Notes:

(1) Does not include 450,000 private company shares held in escrow that may be transferred into 450,000 Subordinate Voting Shares subject to certain conditions being met. Does not include 149,000 Super Voting Shares or 4,000,000 Multiple Voting Shares.

(2) Does not include 450,000 private company shares held in escrow that may be transferred into 450,000 Subordinate Voting Shares subject to certain conditions being met. Does not include 200,000 private company warrants held in escrow that may be transferred into 200,000 Subordinate Voting Shares subject to certain conditions being met. Includes 149,000 Super Voting Shares on as-converted basis (14,900,000 Subordinate Voting Shares) and includes 4,000,000 Multiple Voting Shares.

(3) Insiders and certain other investors agreed contractually to rolling lock-up agreements where shares are released on a percentage basis generally over a year from the Business Combination. Pursuant to U.S. and Canadian securities law, stock purchased prior to the Company being publicly listed and/or pursuant to private placement may contain legends restricting resale pursuant to certain time periods and conditions.

(4) Does not include certain shares held through intermediaries.

Public Securityholders (Registered): Subordinate Voting Shares

Class of Security

Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities		
100 – 499 securities		
500 – 999 securities	1	918
1,000 – 1,999 securities	3	4,672
2,000 – 2,999 securities	9	24,032
3,000 – 3,999 securities	6	21,899
4,000 – 4,999 securities	2	9,177

5,000 or more securities	140	27,097,079
	161	27,157,777

Public Securityholders (Beneficial): Subordinate Voting Shares

Class of Security

Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities	3	129
100 – 499 securities	3	717
500 – 999 securities	1	732
1,000 – 1,999 securities	1	1,925
2,000 – 2,999 securities		
3,000 – 3,999 securities	1	3,372
4,000 – 4,999 securities		
5,000 or more securities	25	46,653,875
	34	46,660,750

Non-Public Securityholders (Registered): Subordinate Voting Shares

Class of Security

Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities		
100 – 499 securities		
500 – 999 securities		
1,000 – 1,999 securities		
2,000 – 2,999 securities		
3,000 – 3,999 securities	1	3,636
4,000 – 4,999 securities		
5,000 or more securities	32	17,770,475
	33	17,774,111

14.2 **Convertible Securities**

Description of Security (include conversion / exercise terms, including conversion / exercise price)	**Number of convertible / exchangeable securities outstanding(1)**	**Number of listed securities issuable upon conversion / exercise**
Super Voting Shares (each converts into 100 Subordinate Voting Shares)	149,000	14,900,000
Multiple Voting Shares (each converts into one Subordinate Voting Share)	4,000,000	4,000,000
Stock Options (each converts into one Subordinate Voting Share at an average exercise price of US$1.89 per share)	9,061,333	9,061,333
Class A Warrants (each converts into 100 Subordinate Voting Shares at an exercise price of US$1.00 per share)	162,750	16,275,000
Multi-Voting Warrants (each converts into one Subordinate Voting Share at an average exercise price of US$0.80 per share)	6,750,000	6,750,000
Subordinate Voting Warrants (each converts into one Subordinate Voting Share, at an average exercise price of US$1.58 per share, subject to adjustments for certain customary corporate changes)	35,415,010	35,415,010

Notes:

(1) Does not include 450,000 private company shares held in escrow that may be transferred into 450,000 Subordinate Voting Shares subject to certain conditions being met, and also does not include 200,000 private company warrants that may be transferred into 200,000 Subordinate Voting Shares subject to certain conditions being met.

15. Executive Compensation

15.1 Executive Compensation

The following table sets forth the compensation to be paid or awarded to the following executive officers of the Company: (i) the CEO; (ii) the CFO; and (iii) the three most highly compensated individuals whose total compensation was more than US$150,000:

Table of Compensation Excluding Compensation Securities

Name & Position	Year	Salary, Consulting Fee, Retainer, or Commission (US$)	Bonus (US$)	Committee or Meeting Fees (US$)	Value of Perquisites (US$)	Value of all Other Compensation (US$)	Total Compensation (US$)
James Cacioppo CEO and Chairman of the Board	2019	$350,000	$700,000	Nil	Nil	Nil	$1,050,000
Erich Mauff Co-President and Director	2019	$300,000	$475,000	Nil	Nil	Nil	$775,000
Kimberly Bambach CFO	2019	$250,000	$50,000	Nil	Nil	Nil	$300,000
Louis J. Barack Co-President and Corporate Secretary	2019	$250,000	$350,000	Nil	Nil	Nil	$600,000
Trenton Woloveck EVP, Head of Originations	2019	$250,000	$50,000	Nil	Nil	Nil	$300,000

Compensation Securities							
Name & Position	Type of Compensation Security	Number of Compensation Securities / Number of Underlying Securities / Percentage of Class	Date of Issue or Grant	Issue, Conversion of Exercise Price (US$)	Closing Price of Security or Underlying Security on Date of Grant (US$)	Closing Price of Security or Underlying Security at Year End (US$)	Expiry Date
James Cacioppo CEO and Chairman of the Board	ISO	2,385,000 / 2,385,000 / 26.32%	4/17/2019	$2.00	$0.94	$0.86	4/17/ 2029
Erich Mauff President and Director	ISO	1,670,000 / 1,670,000 / 18.43%	4/17/2019	$2.00	$0.94	$0.86	4/17/ 2029
Kimberly Bambach CFO	ISO Restricted Stock	250,000 / 250,000 / 2.76% 750,000 / 750,000 /	4/17/2019 12/1/2018	$2.00 $1.35	$0.94 $0.86	$0.86	4/17/ 2029

		18.15%					N/A
Louis J. Barack Co-President and Corporate Secretary	ISO Restricted Stock	793,000 / 793,000 / 8.75% 400,000 / 400,000 / 9.68%	4/17/2019 4/17/2019	$2.00 $2.00	$0.94 $0.94	$0.86	4/17/ 2029 N/A
Trenton Woloveck EVP, Head of Originatio ns	Restricted Stock Restricted Stock Restricted Stock	750,000 / 750,000 / 300,000 / 300,000 / 450,000 / 450,000 36.29%	4/17/2019 12/12/2018 5/25/2018	$2.00 $1.35 $1.00	$0.94 $0.86 $0.41	$0.86	N/A N/A N/A

Termination and Change of Control Benefits

Other than as disclosed herein, the Company will not have any contracts, agreements, plans or arrangements that provide for payments to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Company or a change in an NEO's responsibilities.

Under James Cacioppo's and Erich Mauff's stock option agreements, in the event of termination without cause or resignation for good reason, the NEOs' stock options become fully vested.

Under Louis J. Barack's employment agreement, in the event of termination without cause, the NEO is entitled to receive a cash severance equivalent to six (6) months of his annual base salary at the annual rate in effect immediately prior to his termination ("Cash Severance"). Upon a change of control, the NEO is automatically terminated and is entitled to the Cash Severance and acceleration of any outstanding equity grants.

Under Kimberly Bambach's employment agreement, in the event of termination without cause, the NEO is entitled to receive (i) a cash severance equivalent to six (6) months of her annual base salary at the annual rate in effect immediately prior to her termination; and (ii) acceleration of any outstanding equity grants (together, "Severance Payment"). In the event of a change of control and for one year thereafter, for a resignation for good reason, the NEO is also entitled to the Severance Payment.

Under Trenton Woloveck's employment agreement, in the event of termination without cause, the NEO is entitled to receive a Cash Severance equivalent to six (6) months of his annual base salary at the annual rate in effect immediately prior to his termination. In the event of a change of control and for one year thereafter, for a termination without cause or resignation for good reason, the NEO is entitled to the Cash Severance and acceleration of any outstanding equity grants.

Equity Incentive Plan

Please see Part 9 – Options to Purchase Securities for a description of the Company's Equity Incentive Plan.

Oversight and Description of Director and Named Executive Officer Compensation

The Company's board of directors will annually review the compensation of its directors and executives and make such changes as it deems appropriate. See "*Part 13.4 – Standing Committees of the Board*" for a discussion of the Compensation Committee, including its objectives.

Prior to Jushi becoming a public company, in April 2019, Jushi Inc hired executive compensation consultants to perform market research on the appropriate compensation for NEOs and independent directors. Based on the results of the research, compensation packages were proposed to the then-directors, James Cacioppo and Erich Mauff, who approved the current compensation.

The compensation of the NEOs is comprised of the following major elements: (a) base salary; (b) an annual, discretionary cash bonus; and (c) long-term equity incentives, consisting of stock options, restricted stock awards, restricted stock units, stock appreciation rights and other applicable awards granted under the Equity Incentive Plan and any other equity plan that may be approved by the Company's board of directors from time to time. Base salaries are intended to provide an appropriate level of fixed compensation that will assist in employee retention and recruitment. Base salaries are determined on an individual basis, taking into consideration the past, current and potential contribution to the Company's success, the NEO's

experience and expertise, the position and responsibilities of the NEO, and competitive industry pay practices for other high growth, premium brand companies of similar size and revenue growth potential.

Annual bonuses may be awarded based on qualitative and quantitative performance standards, and will reward performance of the NEO individually. The determination of an NEO's performance may vary from year to year depending on economic conditions and conditions in the cannabis industry, and may be based on measures such as stock price performance, the meeting of financial targets against budget (such as adjusted funds from operations), the meeting of acquisition objectives and balance sheet performance.

Currently, all employees of Jushi Inc are eligible to participate in a 401k plan which includes an employer contribution of 3% of the employee's base salary.

16. Indebtedness of Directors and Executive Officers

16.1 Aggregate Indebtedness

Prior to the Company becoming a public issuer it provided loans to executives in April 2019, including Kimberly Bambach, Louis J. Barack and Trenton Woloveck, in the aggregate amounts outstanding of US$1,012,500, US$800,000 and US$2,355,000, respectively, plus interest at the fixed rate of 2.89% per annum, compounded annually, to purchase restricted stock pursuant to the Equity Incentive Plan. These promissory notes are subject to the terms of pledge agreements providing for full recourse against the restricted stock issued to the executive. Other than the indebtedness described above, no person who is or at any time during the most recently completed financial year was a director, executive officer or senior officer of the Company, no proposed nominee for election as a director of the Company, and no associate of any of the foregoing persons has been indebted to the Company at any time since the commencement of the Company's last completed financial year. No guarantee, support agreement, letter of credit or other similar arrangement or understanding has been provided by the Company at any time since the beginning of the most recently completed financial year with respect to any indebtedness of any such person.

17. Risk Factors

Risk Factors

Jushi is subject to various risks and should be considered highly speculative. Prior to making an investment decision, investors should consider the investment risks set forth below and those described elsewhere in this Listing Statement, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of Jushi consider the risks set forth below to be the most significant, but do not consider them to be all of the risks associated with an investment in securities of Jushi.

If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in connection Jushi's business, actually occur, Jushi's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects are likely to be materially and adversely affected. In such circumstances, the price of Jushi's securities could decline and investors may lose all or part of their investment. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Listing Statement.

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. On October 31, 2019, the USDA published an interim final rule for the establishment of a domestic hemp production program. The rule has a sixty-day comment period and is effective from October 31, 2019 through November 1, 2021. 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 rule constructs 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 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 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.

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.

Risks related to a loss of Foreign Private Issuer status

The Company may lose its status as a Foreign Private Issuer if, as of the last business day of the Company's second fiscal quarter for any year, more than 50% of the Company's outstanding voting securities (as determined under Rule 405 of the U.S. Securities Act) are directly or indirectly held of record by residents of the United States. The Company could lose its status as a Foreign Private Issuer as a result of all or a portion of the Super Voting Shares directly or indirectly held of record by U.S. residents are converted into Subordinate Voting Shares. In addition, the Company could potentially lose its Foreign Private Issuer status as a result of future issuances of its shares from treasury to the extent such shares are acquired by U.S. residents. Loss of Foreign Private Issuer status may have adverse consequences on the Company's ability to issue its securities to acquire companies and its ability to raise capital in private placements or Canadian prospectus offerings. In addition, loss of the Company's Foreign Private Issuer status would likely result in increased reporting requirements and increased audit, legal and administration costs. Further, should the Company seek to list on a securities exchange in the United States, in the future loss of Foreign Private Issuer status may increase the cost and time required for such a listing. These increased costs may have a material adverse effect on the business, financial condition or results of operations of the Company.

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, and could result in a decrease in asset values, write-downs or impairment charges. 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.

18. Promoters

18.1 Promoters

James Cacioppo, Co-Founder, Chairman & CEO of Jushi may be considered to be a promoter of Jushi in that he took the initiative in organizing the business of Jushi. The nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by Mr. Cacioppo directly or indirectly from Jushi or from a subsidiary of Jushi, and the nature and amount of any assets, services or other consideration therefor received or to be received by Jushi or a subsidiary of Jushi in return is set out in Part 15 - *Executive Compensation* above. For additional information about Mr. Cacioppo, see Part 13 – *Directors and Officers* above, and for further information on the number and percentage of voting securities held by Mr. Cacioppo, see "Part 12 – *Principal Security Holders*" above.

Erich Mauff, the Co-Founder & President of Jushi may be considered to be a promoter of Jushi in that he took the initiative in organizing the business of Jushi. The nature and amount of anything of value, including money, property, contracts, options or rights of any kind received or to be received by Mr. Mauff directly or indirectly from Jushi or from a subsidiary of Jushi, and the nature and amount of any assets, services or other consideration therefor received or to be received by Jushi or a subsidiary of Jushi in return is set out in Part 15 - *Executive Compensation* above. For additional information about Mr. Mauff, see Part 13 – *Directors and Officers* above.

18.2 Disclosure Relating to Promoters

No promoter referred to in section 18.1 is, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer, or chief financial officer of any person or company that was subject to an order that was issued while or after the promoter was acting in the capacity as director, chief executive officer or chief financial officer.

No promoter referred to in 18.1 is or was, within 10 years of the date hereof, the director or executive officer of any person or company that became bankrupt, or made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter.

No promoter referred to in 18.1 is or was, within 10 years of the date hereof, bankrupt, or made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter.

No settlement or settlement agreement has been reached with respect to penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority; or any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

19. Legal Proceedings

19.1 – 19.2 Legal Proceedings & Regulatory Actions

There have been no penalties or sanctions imposed against Jushi by a court or regulatory authority, and Jushi has not entered into any settlement agreements before any court relating to provincial or territorial securities legislation or with any securities regulatory authority, in the three years prior to the date of this Listing Statement.

Other than the civil disputes described below, to Jushi's knowledge, there are no material legal proceedings or regulatory actions to which Jushi is a party, or has been a party to, or of which any of its property is or was the subject matter of, and no such proceedings or actions are known by Jushi to be contemplated.

Jushi is a majority member of TGS National, which controls TGS. TGS, a franchisor, is a plaintiff appellant in a lawsuit against SFN, as assignee of Florida Compassionate Growers, LLC that is currently on appeal in Colorado state court. That action arises primarily out of the TGS's 2018 exercise of a contractual right of first refusal to purchase SFN, its franchisee, following SFN entering into a letter of intent to sell its franchise to a third party. The state court lawsuit sought equitable relief. The state trial court dismissed the lawsuit without reaching the merits. TGS has appealed both the dismissal and the award of attorney's fees and costs. Jushi is pursuing this matter vigorously.

Relatedly, TGS is a claimant in an arbitration action against SFN pending before the American Arbitration Association. In 2018, SFN terminated the franchise agreements between it and TGS. SFN then sold its business to a third party. TGS contends the termination and transfer were wrongful and in late 2018 initiated arbitration seeking to recover its monetary damages. The arbitration has been stayed pending the outcome of the appeal. Jushi is pursuing this matter vigorously.

A minority interest holder in TGS Illinois Holdings, LLC ("TGSIH") sued the majority interest holders in TGSIH and Jushi Inc (including a Jushi-affiliated entity) in state court in Illinois relating to the confidential settlement agreement it entered with the owners of TGS National for the transfer or their units in TGSIH. The state trial court dismissed the claims against Jushi and its affiliated entity. The minority interest holder has filed a notice of appeal. Jushi is pursuing this matter vigorously.

20. Interest of Management and Others in Material Transactions

20.1 Material Interest Disclosure

There is a services agreement between Jushi and One East Management Services, LLC ("OEMS") (a wholly-owned subsidiary of One East Capital Advisors, LP ("OECA"), of which James Cacioppo is the Managing Partner) dated July 20, 2018 ("OEMS Services Agreement"), as amended, for, among other things, sourcing and assisting in mergers and acquisitions and capital transactions for Jushi. Pursuant to the OEMS Services Agreement, OEMS earned an initial services fee of US$50,000 and quarterly fees of US$125,000, and was issued warrants exercisable for 1,000,000 of Jushi's Class B common stock (now, Subordinate Voting Shares) at an exercise price of US$1.35, plus reimbursement of its expenses. Pursuant to the amendment entered into on April 17, 2019, as consideration for OECA's ongoing provision of financial and research-related advice, OECA earned a step-up fee of US$75,000 and was issued warrants exercisable for 800,000 of Jushi's Class B common stock (now, Subordinate Voting Shares) at an exercise price of US$2.00. The OEMS Services Agreement terminates on May 31, 2020.

There is a services agreement between Jushi and ST2 LLC (a wholly-owned subsidiary of OECA) dated December 2, 2019 (ST2 Services Agreement) for the shared costs of administrative services for James Cacioppo. Pursuant to the ST2 Services Agreement, Jushi will pay ST2 US$10,000 quarterly until termination by either party.

21. Auditors, Transfer Agents and Registrars

21.1 Name and Address of Auditor

The auditor of the Issuer is MNP LLP at its Vancouver Office, located at Suite 2200, MNP Tower, 1021 West Hastings Street, Vancouver, British Columbia V6E 0C3.

21.2 Name and Address of Transfer Agent

The transfer agent and registrar of the Issuer is Odyssey Trust Company at its Vancouver office, located at the United Kingdom Building, 323-409 Granville Street, Vancouver, British Columbia V6C 1T2.

22. Material Contracts

During the course of the two years prior to the date of this Listing Statement, Jushi either directly or through a subsidiary, has entered into the following material contracts, other than contracts entered into in the ordinary course of business:

(a) the Definitive Agreement;

(b) an equity interest purchase agreement among Jushi Inc, TGS National and the other parties thereto, dated February 13, 2018 for the acquisition by Jushi Inc of 100% of the outstanding membership interests of TGS National;

(c) an equity purchase agreement by and among Jushi Inc, FBS-Penn and its subsidiaries and the members thereof, dated June 4, 2019 for the acquisition by Jushi Inc of 100% of the issued and outstanding membership interests of FBS-Penn and its subsidiaries.

(d) an equity purchase agreement by and among Jushi Inc., Production Excellence, Franklin Bioscience Nevada and other parties thereto, dated April 23, 2019 for the acquisition by Production Excellence of 100% of the issued and outstanding membership interests of Franklin Bioscience Nevada.

(e) a membership interest purchase and exchange agreement by and among Jushi, Jushi VA, LLC, Dalitso and the members thereof, dated June 28, 2019 for the acquisition by Jushi VA, LLC of 61.765% of the membership interests of Dalitso.

(f) a securities purchase and exchange agreement by and among Jushi Inc, a corporation owning and operating a San Diego dispensary, and the stockholders thereof, dated July 2, 2019 for the acquisition by Jushi Inc of 75% of the issued and outstanding shares of the San Diego dispensary.

23 Interest of Experts

The current auditor of Jushi is MNP LLP. MNP LLP is independent of Jushi within meaning of the *Rules of Professional Conduct of the Institute of Chartered Professional Accountants of British Columbia*.

To the knowledge of Jushi, no person or company who is an expert and whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Listing Statement, or prepared or certified a report or valuation described or included in this Listing Statement, beneficially owns more than 1% of the issued and outstanding Subordinate Voting Shares. Moreover, no such person or company, or any of their respective directors, officers or employees, is, or expects to be, elected, appointed or employed as a director, officer or employee of the Company or any of its Associates or Affiliates.

24. Other Material Facts

Other than as set out elsewhere in this Listing Statement, there are no other material facts about the Company or its respective securities which are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Company and its respective securities.

25. Financial Statements

Please see attached the following financial statements, which have been posted and are accessible under the Company's SEDAR profile at www.sedar.com, and are specifically incorporated into, and form an integral part of, this Listing Statement:

- the audited consolidated financial statements of Jushi Inc and its subsidiaries as of December 31, 2018, and for the period from January 23, 2018 (inception date) to December 31, 2018, attached hereto as Appendix A; and

- the condensed interim consolidated financial statements of Jushi Holdings Inc. and its subsidiaries for the three and nine months ended September 30, 2019, three months ended September 30, 2018 and for the period from January 23, 2018 (inception date) to September 30, 2018, attached hereto as Appendix C.

- FORM 51-102F4 Business Acquisition Report - Business Acquisition Report filed on September 23,2019 for the FBS -Penn acquisition.

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Jushi Holdings Inc., hereby applies for the listing of the above-mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Jushi Holdings Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at this 5th day of December 2019.

DocuSigned by:

88F8F143F18B469...

Chief Executive Officer and Chairman of the Board and Promoter

James Cacioppo

DocuSigned by:

Kimberly Bambach

752958E6636F44C...

Chief Financial Officer

Kimberly Bambach

DocuSigned by:

5DB6ABE9228F487...

President and Board Director and Promoter

Erich Mauff

DocuSigned by:

Stephen Monroe

BD847E56D303480...

Independent Director

Stephen Monroe

APPENDIX A
Audited Consolidated Financial Statements of Jushi Inc and its Subsidiaries

APPENDIX B
Audited Financial Statements of Tanzania Minerals Corp.

APPENDIX C
Condensed Interim Consolidated Financial Statements of Jushi Holdings Inc. and its Subsidiaries

APPENDIX D
Jushi Holdings Inc. Management's Discussion and Analysis

APPENDIX E
Tanzania Minerals Corp. Management's Discussion and Analysis

APPENDIX A

Audited Consolidated Financial Statements of Jushi Inc and its Subsidiaries

JUSHI, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2018, AND FOR THE PERIOD FROM JANUARY 23, 2018 (INCEPTION DATE) TO DECEMBER 31, 2018

(Expressed in United States Dollars)

JUSHI INC. AND SUBSIDIARIES
Consolidated Financial Statements
December 31, 2018

JUSHI INC. AND SUBSIDIARIES

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

To the Board of Directors and Stockholders of
Jushi, Inc. and Subsidiaries:

The accompanying consolidated financial statements in this annual report were prepared by management of Jushi Inc. and Subsidiaries ("the Company") and were reviewed and approved by the Board of Directors of Jushi Inc. and Subsidiaries.

Management is responsible for the consolidated financial statements and believes that they fairly present the Company's consolidated financial condition and results of operations in conformity with International Financial Reporting Standards. Management has included in the Company's consolidated financial statements amounts based on estimates and judgments that it believes are reasonable, under the circumstances.

To discharge its responsibilities for financial reporting and safeguarding of assets, management believes that it has established appropriate systems of internal accounting control which provide reasonable assurance that the financial records are reliable and form a proper basis for the timely and accurate preparation of the consolidated financial statements. Consistent with the concept of reasonable assurance, the Company recognizes that the relative cost of maintaining these controls should not exceed their expected benefits. Management further assures the quality of the financial records through careful selection and training of personnel and through the adoption and communication of financial and other relevant policies.

The consolidated financial statements have been audited by the Company's auditor, Macias Gini & O'Connell LLP, and their report is represented herein.

signed "Jim Cacioppo"
Chief Executive Officer

signed "Kimberly Bambach"
Chief Financial Officer

May 17, 2019

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
Jushi, Inc. and Subsidiaries
Boca Raton, Florida

Opinion

We have audited the consolidated financial statements of Jushi, Inc. and Subsidiaries (the "Company"), which comprise the consolidated statement of financial position as of December 31, 2018, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for the period from January 23, 2018 (inception date) to December 31, 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2018, and its consolidated financial performance and its consolidated cash flows for the period from January 23, 2018 (inception date) to December 31, 2018 in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Macias Gini & O'Connell LLP

Los Angeles, California
May 17, 2019

JUSHI, INC. AND SUBSIDIAIRIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2018

ASSETS

CURRENT ASSETS:		
Cash		$ 38,113,861
Investment in trading securities	Note 3	1,233,228
Accounts receivable		261,748
Due from related party	Note 12	263,729
Prepaid expenses and other current assets, including $83,333 from a related party		353,494
Total Current Assets		40,226,060
OTHER ASSETS:		
Financial asset	Note 4	5,454,252
Other assets		413,250
Goodwill	Note 5	170,000
Intangible assets, net	Note 6	3,917,232
Total Other Assets		9,954,734
Total Assets		$ 50,180,794

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:		
Accounts payable		$ 404,260
Accrued expenses		871,822
Total Current Liabilities		1,276,082
LONG-TERM LIABILITIES:		
Redemption liability	Note 5(i)	7,388,547
Total Liabilities		8,664,629
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Share capital	Note 8	59,572,141
Accumulated deficit		(18,055,976)
Total Stockholders' Equity		41,516,165
Total Liabilities and Stockholders' Equity		$ 50,180,794

Approved and authorized on behalf of the Board of Directors on May 17, 2018:

Chief Executive Officer

Chief Financial Officer

See accompanying notes to the consolidated financial statements.

JUSHI, INC. AND SUBSIDIAIRIES

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE PERIOD FROM JANUARY 23, 2018 (INCEPTION DATE) TO DECEMBER 31, 2018

REVENUE, INCLUDING $223,919 FROM A RELATED PARTY	Note 2(m)	$	523,364
OPERATING EXPENSES:			
Impairment of goodwill	Note 5(i)		8,990,000
Share-based compensation expense	Note 8 and 9		2,478,149
Amortization expense			210,768
Selling, general, and administrative expenses, including $341,667 to related parties			7,530,561
Total Operating Expenses			19,209,478
LOSS FROM OPERATIONS			(18,686,114)
OTHER INCOME (EXPENSE):			
Interest income			854,469
Finance charges			(224,331)
Total Other Income (Expense)			630,138
NET LOSS		$	(18,055,976)

See accompanying notes to the consolidated financial statements.

JUSHI, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE PERIOD FROM JANUARY 23, 2018 (INCEPTION DATE) TO DECEMBER 31, 2018

	Number of Shares					
	Common Stock	Class A Common Stock	Class B Common Stock	Share Capital	Accumulated Deficit	Total Stockholders' Equity
Balances - January 23, 2018	-	-	-	$ -	$ -	$ -
Issuance of Common Stock for cash	14,944,658	-	-	7,472,329	-	7,472,329
Issuance of Common Stock as repayment to officers for capital contribution	5,805,342	-	-	2,902,671	-	2,902,671
Issuance of Common Stock for financial asset	250,000	-	-	125,000	-	125,000
Conversion of Common Stock to Class A Common Stock	(21,000,000)	21,000,000	-	-	-	-
Issuance of Class B Common Stock for cash	-	-	37,194,281	42,812,281	-	42,812,281
Issuance of Class B Common Stock for TGSNH acquisition	-	-	5,000,000	5,000,000	-	5,000,000
Capital raising costs	-	-	-	(1,218,289)	-	(1,218,289)
Share-based payments	-	-	-	2,478,149	-	2,478,149
Net loss	-	-	-	-	(18,055,976)	(18,055,976)
Balances - December 31, 2018	-	21,000,000	42,194,281	$ 59,572,141	$ (18,055,976)	$ 41,516,165

See accompanying notes to the consolidated financial statements.

JUSHI, INC. AND SUBSIDIAIRIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM JANUARY 23, 2019 (INCEPTION DATE) TO DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$	(18,055,976)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization		210,768
Share-based payments		2,478,149
Original interest discount		(301,841)
Finance charge		91,547
Impairment of goodwill		8,990,000
Changes in operating assets and liabilities:		
Accounts receivable		(254,748)
Due from affliate/related party		(162,729)
Prepaid expenses and other current assets		(311,494)
Other assets		(413,250)
Accounts payable and accrued expenses		1,167,082
Net cash flows used in operating activities		(6,562,492)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash acquired in acquisition of TGSNH		13,000
Acquisition of MEND		(1,150,000)
Investment in trading securities		(1,233,228)
Investment in financial asset		(5,329,252)
Proceeds from sale of financial asset		105,000
Investment in notes receivable		(3,934,522)
Proceeds from notes receivable		9,128,034
Net cash flows used in investing activities		(2,400,968)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of Common Stock for cash, net		7,472,329
Issuance of Class B Common Stock for cash, net		41,593,992
Payment on note payable		(1,989,000)
Net cash flows provided by financing activities		47,077,321
NET CHANGE IN CASH		38,113,861
CASH, BEGINNING OF YEAR		-
CASH, END OF YEAR	$	38,113,861
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest	$	-
Income tax	$	-
NON-CASH INVESTING AND FINANCING ACTIVITY:		
Issuance of Class B Common Stock for TGSNH acquisition	$	5,000,000
Issuance of Common Stock as repayment to officers for capital contribution	$	2,902,671
Issuance of Common Stock in exchange for financial asset	$	125,000
Redemption liability incurred from acquisition	$	7,296,568
Exchange of due from related party for note receivable	$	1,989,000
All instruments in acquisitions:		
Fair value of common stock and warrants of $5,000,000 issued upon acquisition of TGS National Holdings LLC		
Accounts Receivable	$	7,000
Investment	$	105,000
Other Assets	$	42,000
Due from Affiliate	$	2,090,000
Intangible Assets	$	3,148,000
Goodwill	$	8,990,000
Fair value of cash of $1,150,000 issued in acqusition of Medicinal Excellence for Neurological Disorders LLC		
Intangible Assets	$	980,000
Goodwill	$	170,000

See accompanying notes to the consolidated financial statements.

1. NATURE OF OPERATIONS

Jushi Inc. (the "Company") was incorporated under the laws of the State of Delaware on January 23, 2018, primarily to engage globally in the business of cultivation, manufacturing, distribution and retail of both medical and adult use products derived from cannabis and hemp.

The Company's strategic approach to cannabis is to target large adult use markets such as California, Massachusetts and Nevada as well as limited license medical markets such as New York, New Jersey, Ohio, Pennsylvania and Virginia. The Company will either purchase controlling interests in existing licenses or apply for licenses when possible. Jushi's hemp initiative seeks to target California, Colorado, Florida, New York, and Oregon for purposes of the cultivation, extraction and processing of hemp derived cannabidiol (CBD). Jushi will leverage the Company's medically formulated MEND brand that was acquired in 2018. Jushi will distribute hemp derived CBD via the wholesale channel or direct to consumers online or via dedicated CBD retail storefronts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC") in effect for the period from January 23, 2018 (inception date) to December 31, 2018.

The consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on May 17, 2019.

(b) Basis of Measurement

These consolidated financial statements have been prepared on the going concern basis under the historical cost convention, except for certain financial instruments which are measured at fair value. Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

(c) Functional Currency

The Company and its affiliates' functional currency, as determined by management, is the United States ("U.S.") dollar. These consolidated financial statements are presented in U.S. dollars.

(d) Basis of Consolidation

These consolidated financial statements as of and for the year ended December 31, 2018 include the accounts of the Company, its wholly-owned subsidiaries and entities over which the Company has control as defined in IFRS 10. Subsidiaries over which the Company has control are fully consolidated from the date control commences until the date control ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are currently exercisable are taken into account. All intercompany balances and transactions are eliminated on consolidation.

The following are the Company's subsidiaries that are included in these consolidated financial statements as of and for the year ended December 31, 2018:

- TGS National Holdings, LLC and Subsidiaries, 51% owned
- JMGT, LLC, wholly-owned
- Sound Wellness, LLC, wholly-owned
- Medicinal Excellence for Neurological Disorders, LLC, wholly-owned
- JCVCA, LLC, wholly-owned

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash deposits in financial institutions and other deposits that are readily convertible into cash, generally with an original maturity of three months or less.

(f) Investment in Trading Securities

Equity securities held for sale are classified as trading securities. Unrealized gains and losses are included in other income and expense in the consolidated statement of operations.

(g) Accounts Receivable and Expected Credit Loss

Accounts receivable are recorded at the invoiced amount and do not bear interest. Expected credit loss reflects the Company's estimate of amounts in its existing accounts receivable that may not be collected due to customer claims or customer inability or unwillingness to pay. Collectability of trade receivables is reviewed on an ongoing basis. The expected credit loss is determined based on a combination of factors, including the Company's risk assessment regarding the credit worthiness of its customers, historical collection experience and length of time the receivables are past due. Account balances are charged off against the allowance when the Company believes it is probable the receivable will not be recovered.

(h) Investments

The Company first determines if it has control over an investee, and if so, whether the investee should be consolidated or if the Company has significant influence or does not have control or significant influence. Investments that are controlled are consolidated. Investments in which the Company has significant influence, but no control are considered investments in associates. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting. Investments in associates accounted for using the equity method are initially recognized at cost. Subsequent to initial recognition, the carrying value of the Company's investment in an associate is adjusted for the Company's share of income (loss) and distributions of the investee. The carrying value of investments in associates is assessed for impairment at each statement of financial position. Investments that are neither controlled, or the Company does not have significant influence, are first recognized at fair value. At each reporting period, changes in fair value are recognized through other comprehensive income.

(i) Intangible Assets

Intangible assets are recorded at cost, less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date.

Amortization is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The estimated useful lives, residual values and amortization methods are reviewed at each year-end, and any changes in estimates are accounted for prospectively.

(j) Goodwill

Goodwill represents the excess for the price paid for the acquisition of an entity over the fair value of the net identifiable tangible and intangible assets and liabilities acquired. Goodwill is allocated to the cash generating unit ("CGU") or CGUs to which it relates. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. The Company allocates goodwill to one or more CGU's for the purpose of impairment testing. The determination of these CGU's was based on management's judgment in regard to several factors such as shared infrastructure, geographical proximity, and exposure to market risk and materiality. Currently, the Company has one reportable segment. The Company has determined that the goodwill associated with all acquisitions belongs to this segment as this is the lowest level at which management monitors goodwill.

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired. In order to determine if the value of goodwill has been impaired, the CGU to which goodwill has been allocated must be valued using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill. CGUs have been grouped for purposes of impairment testing. Impairment is determined for goodwill by assessing if the carrying value of CGUs, including goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of the CGUs are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the CGUs. Any goodwill impairment is recorded in income in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed. As of December 31, 2018, the Company recognized an impairment loss of $8,990,000 related to the goodwill associated with the acquisition of TGSNH.

(k) Leased Assets

A lease of property and equipment is classified as a capital lease if it transfers substantially all the risks and rewards incidental to ownership to the Company. A lease of property and equipment is classified as an operating lease whenever the terms of the lease do not transfer substantially all of the risks and rewards of ownership to the lessee. Lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which the economic benefits are consumed.

(l) Income Taxes

Tax expense recognized in profit or loss comprises the sum of current and deferred taxes not recognized in other comprehensive income or directly in equity. As noted further in Note 10, the Company is subject to the limitations of Section 280E of the Internal Revenue Code.

Current Tax

Current tax assets and/or liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which may differ from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period. Deferred tax liabilities are always provided for in full.

Deferred tax assets are recognized to the extent that it is probable that they will be able to be utilized against future taxable income. Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

(m) Revenue Recognition

The Company has adopted IFRS 15 "Revenue from Contracts with Customers" for the period from January 23, 2018 (inception date) to December 31, 2018.

IFRS 15 introduced a single model for recognizing revenue from contracts with customers. This standard applies to all contracts with customers, with only some exceptions, including certain contracts accounted for under other IFRS standards. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps: i) identify the contract with a customer; ii) identify the performance obligations in the contract; iii) determine the transaction price; iv) allocate the transaction price to the performance obligations in the contract; and v) recognize revenue when (or as) the entity satisfies a performance obligation.

Franchise Fees and Licensing Revenues

Revenues earned by the Company for initial franchise fees and licensing are recognized over the time period beginning with initial application and ending after the Company's obligations related to the franchise sale (training, etc.) have been provided to the franchisee or licensee. For the period from January 23, 2018 (inception date) to December 31, 2018, the Company recognized franchise fee revenue of $299,445.

Royalty Revenues

The Company's franchise requires the reporting of volume and corresponding royalty payments to be made periodically. For the period from January 23, 2018 (inception date) to December 31, 2018, the Company recognized royalty revenues of $223,919.

Consulting Revenues

The Company recognizes revenue from consulting services on a straight-line basis over the term of third party consulting agreements as services are provided.

(n) Share-Based Compensation

The Company operates equity settled share-based remuneration plans for its eligible directors, officers, employees and consultants. All goods and services received in exchange for the grant of any share-based payments are measured at their fair value unless the fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods and services received, the Company shall measure their value indirectly by reference to the fair value of the equity instruments granted. For transactions with employees and others providing similar services, the Company measures the fair value of the services by reference to the fair value of the equity instruments granted.

Equity settled share-based payments under share-based payments plans are ultimately recognized as an expense in profit or loss with a corresponding credit to reserve for share-based payments, in equity.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from the previous estimate. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior period if share options ultimately exercised are different to that estimated on vesting.

(o) Financial Instruments

The Company has adopted IFRS 9, "Financial Instruments", for the year ending December 31, 2018. IFRS 9 introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. IFRS 9 also amends the requirements for hedge accounting, and introduces a single, forward-looking expected loss impairment model.

The adoption of IFRS 9 had no impact on the Company's consolidated financial statements on the date of initial application. There was no change in the carrying amounts on the basis of allocation from original measurement categories under IAS 39, "Financial Instruments: Recognition and Measurement", to the new measurement categories under IFRS 9.

Classification

The Company classifies its financial assets and financial liabilities in the following measurement categories: (i) those to be measured subsequently at fair value through profit or loss ("FVTPL"); (ii) those to be measured subsequently at fair value through other comprehensive income ("FVOCI"); and (iii) those to be measured at amortized cost. The classification of financial assets depends on the business model for managing the financial assets and whether the contractual cash flows represent

solely payments of principal and interest ("SPPI"). Financial liabilities are classified as those to be measured at amortized cost unless they are designated as those to be measured subsequently at FVTPL (irrevocable election at the time of recognition). For assets and liabilities measured at fair value, gains and losses are either recorded in profit or loss or other comprehensive income. Financial liabilities are not reclassified.

Financial Assets

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of trade receivables.

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. Financial assets mandatorily measured at fair value through profit or loss are comprised of cash and cash equivalents.

- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Derecognition of Financial Assets and Financial Liabilities

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Recognition and Initial Measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit loss associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset at the reporting date with the risk of default at the date of initial recognition based on all information available, and reasonable and supportive forward-looking information. For trade receivables only, the Company applies the simplified approach as permitted by IFRS 9. The simplified approach to the recognition of expected losses does not require the Company to track the changes in credit risk; rather, the Company recognizes a loss allowance based on lifetime expected credit losses at each reporting date from the date of the trade receivable.

Evidence of impairment may include indications that the counterparty debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. Receivables are reviewed qualitatively on a case-by-case basis to determine whether they need to be written off.

Expected credit losses are measured as the difference in the present value of the contractual cash flows that are due to the Company under the contract, and the cash flows that the Company expects to receive. The Company assesses all information available, including past due status, credit ratings,

the existence of third-party insurance, and forward-looking macro-economic factors in the measurement of the expected credit losses associated with its assets carried at amortized cost.

The Company measures expected credit loss by considering the risk of default over the contract period and incorporates forward-looking information into its measurement.

The following table provides a summary of the Company's classification and measurement of financial assets and liabilities:

	Classification	Measurement
Cash	Amortized Cost	Amortized Cost
Investment in Trading Securities	FVTPL	FVTPL
Accounts Receivable	Amortized Cost	Amortized Cost
Financial Asset	FVTPL	FVTPL
Accounts Payable and Accrued Expenses	Amortized Cost	Amortized Cost
Redemption Liability	FVTPL	FVTPL

(p) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements 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 review affects both current and future periods.

Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

(i) Estimated Useful Lives of Intangible Assets

Amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Actual amortization expense to be reported in future periods could differ from these estimates as a result of new intangible asset acquisitions, changes in useful lives or other relevant factors or change.

(ii) Business Combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with International Standards on Auditing ("IAS") 37, *Provisions, Contingent Liabilities and Contingent Assets* or IFRS 9, as appropriate, with

the corresponding gain or loss being recognized in profit or loss. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. See "Note 5 - Acquisitions".

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for one year from the acquisition date.

(iii) Share-Based Compensation

The Company uses the Black-Scholes option-pricing model and the Monte Carlo Simulation Model to determine the fair value of equity-based grants. In estimating fair value, management is required to make certain assumptions and estimates such as the expected term, volatility of the Company's future share price, risk free rates, future dividend yields and estimated forfeitures at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

(iv) Deferred Tax Assets

Deferred tax assets, including those arising from tax loss carryforwards, require management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted. See "Note 10 – Provision for Income Taxes and Deferred Income Taxes".

(v) Goodwill and Cash Generating Units
Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired. In order to determine if the value of goodwill has been impaired, the cash-generating unit to which goodwill has been allocated must be valued using present value techniques. When applying this valuation technique, the Company relies on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

(q) Recent Accounting Pronouncements

The following IFRS standards have been recently issued by the IASB. The Company is assessing the impact of these new standards on future consolidated financial statements. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

(i) IFRS 16, Leases

In January 2016, the IASB issued IFRS 16, *Leases ("IFRS 16")* which will replace IAS 17, *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard will be effective for annual periods beginning on or after January 1, 2019, with earlier application permitted for entities that apply IFRS 15 at or before the date of initial adoption of IFRS 16. The Company is examining the potential impact of this new standard on its consolidated financial statements.

(ii) IAS 28, Long-term Interests ("IAS 28")

In October 2017, the IASB amended IAS 28, *Long-term Interests in Associates and Joint Ventures*. The amendments were added to clarify that an entity applies IFRS 9, *Financial Instruments* to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The standard which will be effective for annual periods beginning on or after January 1, 2019, with earlier adoption permitted. The Company is currently assessing the impact of this standard.

3. TRADING SECURITIES

Trading securities represent investments in mutual funds, which were valued at $1,233,228 with fees paid of $10,914 at December 31, 2018.

4. FINANCIAL ASSET

During 2018, the Company made several purchases of equity for cash totaling $5,454,252 representing a 16.5% stake in Gloucester Street Capital, LLC ("GSC"), the parent company of New York state licensed cannabis operator Valley Agriceuticals, LLC. In October 2018, the owners of GSC executed definitive agreements to sell 100% of the company to Cresco Labs Inc. for a combination of cash, stock and contingent consideration. The closing of the sale remains subject to regulatory approval.

5. ACQUISITIONS

Business Acquisitions

The purchase price allocations for the acquisitions, as set forth in the table below, reflect various preliminary fair value estimates and analyses that are subject to change within the measurement period as valuations are finalized. The primary areas of the preliminary purchase price allocations that are not yet finalized relate to the valuation of intangible assets acquired and residual goodwill. The Company expects to continue to obtain information to assist in determining the fair value of the net assets acquired at the acquisition date during the measurement period. Measurement period adjustments that the Company determines to be material will be applied retrospectively to the period of acquisition in the Company's consolidated financial statements and, depending on the nature of the adjustments, other periods subsequent to the period of acquisition could be affected

A summary of business acquisitions completed for the year ended December 31, 2018 is as follows:

(i) **TGS National Holdings, LLC and Subsidiaries**

On February 13, 2018, the Company entered a series of transactions with TGSNH that closed on March 19, 2018 ("Closing Date"). TGSNH is a franchisor affiliated with a large Colorado based cannabis operator, The Green Solution ("TGS Colorado"). At the time, TGSNH held a number of franchise agreements with state-licensed cannabis operators. The Company purchased 51% of TGSNH for equity consideration valued at $5,000,000 consisting of 5,000,000 shares of Jushi's common stock and warrants to purchase 2,500,000 shares of common stock at a price of $2.00 per share ("Tranche 1"). The acquisition was accounted for in accordance with IFRS 3, *"Business Combinations"* ("IFRS 3").

In addition to acquiring 51% of TGSNH in Tranche 1, the Company has the exclusive right (the "Call Option") to purchase the remaining 49,000 units, or 49%, of TGSNH ("Tranche 2") for a period of 30 months from the Closing Date (the "Option Period"). The Seller may also require the Company to purchase the remaining 49% no earlier than 12 months from the Closing Date, but before the end of the Option Period (the "Put Option").

The consideration to be paid for either the Call Option or Put Option (the "Redemption Liability") shall be $7,000,000 if purchased within 18 months from the Tranche 1 closing, or $8,500,000 if purchased on or after 18 months through the end of the Option Period. The purchase price is subject to an adjustment for working capital as defined in the Equity Interest Purchase Agreement. The consideration for Tranche 2 shall be paid in the form of the Company's Common Stock. The adjusted present value of the Redemption Liability was $7,388,547 as of December 31, 2018.

Although the Company owns 51% of TGSNH, it fully consolidates TGSNH due to the terms of a series of transactions entered into on March 19, 2018, which terms include a written put option with a fixed price that is accompanied by similarly priced call option which are exercisable at the same future date and are similar in substance to a fixed price forward. Fixed price forwards that will settle with shares of the noncontrolling interest's shares for fair value results in a transfer of risks and rewards of ownership of the shares to the parent on the date the contract is written. When the risks and rewards of ownership transfer to the acquiring company, the noncontrolling interest in not presented in the acquiring company's financial statements.

(ii) **Medicinal Excellence for Neurological Disorders, LLC**

On November 6, 2018, the Company acquired all of the membership interests in Medicinal Excellence for Neurological Disorders, LLC ("MEND"), a Delaware limited liability company in exchange for $525,000. MEND owns rights to the 'MEND' brand and certain formulations. The acquisition was accounted for in accordance with IFRS 3.

On November 6, 2018, the Company also purchased the rights to certain anonymized cannabinoid treatment data developed by Dr. Laszlo Mechtler of the Dent Neurologic Group LLP and the Dent Cannabis Clinic (the "Data Purchase Agreement") for a combination of an upfront payment of $625,000 and contingent cash and equity consideration. An Advisory and Consulting Agreement was also executed between the Company and Dr. Mechtler, naming

him the Medical Director of the Company, and a Consultant. The Company accounted for the acquisition of MEND and the upfront cash payment for the Data Purchase Agreement of $625,000 as one business combination due to the fact that these transactions are linked and would not have been completed unless each transaction was completed. Since the future payments under both the Advisory and Consulting Agreement and the Data Purchase Agreement are contingent on Dr. Mechtler's participation and continuing effort which Dr. Mechtler may terminate at any point, those future payments, which consist of the following; two cash payments of $312,500 paid on May 7, 2019 and to be paid on November 9, 2019 and two equity issuances of $312,500 issued on May 5, 2019 and to be issued on November 19, 2019 of Class B Common Stock with a three-year vesting period are considered post-combination compensation under IFRS 3.B55 and will be accounted for separately from the business combination.

The following table summarizes the consideration for the acquisitions during the period from January 23, 2018 (inception date) to December 31, 2018:

Total Consideration	**TGS National**	**MEND**	**Total**
Closing Date:	*March 19, 2018*	*November 6, 2018*	
Cash Paid	$ -	$ 1,150,000	$ 1,150,000
Stock Issued:			
Class B Common Stock	5,000,000	-	5,000,000
Other Liabilities Assumed	109,000	-	109,000
Note Payable Assumed	1,989,000	-	1,989,000
Redemption Liability	7,297,000	-	7,297,000
Total Consideration	$ 14,395,000	$ 1,150,000	$ 15,545,000
Number of Shares Issued:			
Class B Common Stock	5,000,000	-	5,000,000
Number of Warrants Issued:			
Class B Common Stock	2,500,000	-	2,500,000

Estimate of Net Assets Acquired	TGS National	MEND	Total
Cash	$ 13,000	$ -	$ 13,000
Accounts Receivable	7,000	-	7,000
Investment	105,000	-	105,000
Other Assets	42,000		42,000
Due from affliates	2,090,000	-	2,090,000
Intangible Assets:			
Franchise Agreements	1,850,000	-	1,850,000
Licensed Intellectual Property	1,290,000	-	1,290,000
Non-Compete	8,000	-	8,000
Patient Database	-	880,000	880,000
Trademark	-	50,000	50,000
Formulations	-	50,000	50,000
Total Intangible Assets	3,148,000	980,000	4,128,000
Total Identifiable Net Assets	5,405,000	980,000	6,385,000
Goodwill (1)	8,990,000	170,000	9,160,000
Total Preliminary Accounting Estimate of Net Assets Acquired	**$ 14,395,000**	**$ 1,150,000**	**$ 15,545,000**

(1) As of the date of the Transaction, the Company noted indications of significant decline in TGSNH's market value. Accordingly, the Company recognized an impairment loss of $8,990,000 related to the goodwill associated with the acquisition of TGSNH.

The supplemental information shown below is presented on an unaudited pro forma basis, as if these acquisitions had been completed as of January 1, 2018 and presents revenues and net loss of the Company for the period from January 23, 2018 (inception date) to December 31, 2018 as if the acquisition had been completed on January 1, 2018.

For the Year Ended December 31, 2018:	
Revenues	$ 610,739
Net Loss	$ (18,143,538)

MEND did not have any operations prior to its acquisition by the Company.

6. INTANGIBLE ASSETS

As of December 31, 2018, intangible assets consisted of the following:

	Balance at January 23, 2018	Additions from Acquisitions	Accumulated Amortization	Balance at December 31, 2018	Estimated Useful Life
Finite life intangible asset -					
Franchise Agreements	$ -	$ 1,850,000	$ (103,904)	$ 1,746,096	15 Years
Intellectual Property	-	1,290,000	(96,603)	1,193,397	10.5 Years
Patient Database	-	880,000	(8,519)	871,481	14 Years
Tradename	-	50,000	(484)	49,516	15 Years
Non-compete	-	8,000	(1,258)	6,742	5 Years
	-	4,078,000	(210,768)	3,867,232	
Indefinite life intangible asset -					
Formulations	-	50,000	-	50,000	Indefinite
Total Intangible Assets	**$ -**	**$ 4,128,000**	**$ (210,768)**	**$ 3,917,232**	

Intangible assets with finite lives are amortized over their estimated useful lives. The Company recorded amortization expense of $210,768 for the period from January 23, 2018 (inception date) to December 31, 2018.

Estimated amortization expense for finite life intangible assets for the years ending December 31, 2019 and thereafter is as follows:

Year Ending December 31,	Estimated Amortization Expense
2019	$ 318,600
2020	318,600
2021	318,600
2022	318,600
2023	317,342
2024 & Thereafter	2,275,490
	$ 3,867,232

7. NOTES RECEIVABLE

(a) Beacon Note

The Company entered into a Note Purchase Agreement (the "Note Purchase") with Beacon Holding, LLC ("Beacon") on February 13, 2018. The Company agreed to purchase up to $9,000,00 of original issue discount promissory notes, in three tranches (Tranche 1, Tranche 1A and Tranche 2).

- Tranche 1 Note: On February 13, 2018, the Company purchased a $3,000,000, 3% original issue discount ("OID") secured promissory note bearing interest at 15% per annum with a maturity date of February 13, 2020. Two officers of the Company paid $2,910,000 to Beacon for the Tranche 1 Note on behalf of the Company. The officers were subsequently reimbursed for their capital contribution through the Company's issuance of 5,805,342 shares of Common Stock.

- Tranche 1A Note: On March 23, 2018, the Company purchased a $428,034, 3% OID secured promissory note bearing interest at 15% per annum with a maturity date of September 22, 2018. The Company paid $415,193 in accordance with a First Amendment to the Note Purchase Agreement dated March 23, 2018 ("Amendment No. 1 Note Purchase").

- Tranche 2 Note: On April 20, 2018, the Company purchased a $2,300,000, 3% OID secured promissory note bearing interest at 15% per annum with a maturity date of February 13, 2020. The Company paid $2,231,000 to Beacon for the Tranche 2 Note.

All obligations of Beacon under the Note Purchase including the payment of the original principal amount and other payments are guaranteed pursuant to a Guaranty Agreement dated February 13, 2018. Certain of the guarantors pledged collateral in a Pledge and Escrow Agreement entered into with the Company on February 13, 2018. The pledged collateral consisted of the following: (i) 95% of the TGSNH units beneficially owned by the pledging entities; (ii) 415,150 common shares of Organigram, Inc. ("OGI") owned beneficially by the pledging entities; and (iii) stock options to purchase 475,000 common shares of OGI at an exercise price of C$1.58 per common share to the extent vested and/or future vested of which stock options are owned beneficially by the pledging entities.

The following schedule summarizes the Notes issued to the Company by Beacon:

Original Principal Amount	Original Issue Discount	Issuance Price	Origination Date	Maturity Date
$ 3,000,000	3.0%	$ 2,910,000	February 13, 2018	February 13, 2020
428,034	3.0%	$ 415,193	March 23, 2018	September 22, 2018
2,300,000	3.0%	$ 2,231,000	April 20, 2018	February 13, 2020
$ 5,728,034		$ 5,556,193		

On June 12, 2018, the Company entered into a Debt Sale and Assignment of Tranche Notes Agreement, (the "Notes Sale Agreement") with Health Diagnostics, LLC ("HD"). The terms of the Notes Sale Agreement included the sale, transfer and assignment of the funded tranche notes (Tranche 1, Tranche 1A and Tranche 2) for consideration of $5,756,674 which included a pro-rata portion of interest for June 2018.

As part of the Notes Sale Agreement, the Company was granted a call option to purchase all or any part of the notes from Health Diagnostics for a purchase price as defined in the Notes Sale Agreement. As partial consideration for entering into the Notes Sale Agreement the Company issued a warrant to purchase 1,000,000 shares of Class B Common Stock of Jushi at an exercise price of $2.00 per share of Class B Common Stock at a grant date fair value of $70,000. The warrants were issued to Black Fin Capital LLC as a designee of HD.

(b) San Felasco Nursery, Inc.

On March 23, 2018 TGS National Franchise entered into a note with San Felasco Nursery, Inc. ("SFN") in the amount of $1,400,000, at 9% interest due at March 23, 2019 with no prepayment penalty. On November 21, 2018, SFN paid $1,400,000 principal and $41,841 in interest to the Company.

(c) TGS Illinois

On April 11, 2018, TGS Illinois LLC, exchanged a Due from Related Party balance assumed by Jushi as part of its acquisition of TGSNH for a senior promissory note totaling $2,000,000 with an original issue discount of 1.5% and a maturity date of October 11, 2018. The senior promissory note was repaid to the Company in full on its maturity date.

8. STOCKHOLDERS' EQUITY

(a) Authorized

The Company was formed on January 23, 2018 with an authorized share capital of 200,000,000 shares of Common Stock with a par value of $0.00001.

On February 13, 2018, the Company amended and restated its certificate of incorporation, to among other things, designate 21,000,000 shares of Common Stock as Class A Common Stock with a par value of $0.00001 and 35,000,000 shares as Class B Common Stock with a par value of $0.00001. In addition, upon such amendment and restatement of the existing certificate, each share of Common Stock was automatically changed and converted into one share of Class A Common Stock, and each warrant to purchase Common Stock was automatically changed and converted into one warrant to purchase Class A Common Stock.

On March 3, 2018, the Company amended its certificate of incorporation, to among other things, increase the authorized share capital of the Company to 400,000,000 shares. The Company has designated the following classes of stock:

(i) **Class A Common Stock**

The Company has designated 200,000,000 shares as Class A Common Stock with a par value of $0.00001. Holders of Class A Common Stock are entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class of shares of the Company has the right to vote. At each such meeting, holders of Class A Common Stock are entitled to 10 votes in respect of each share of Class A Common held. Holders of Class A Common Stock are entitled to receive as and when declared by the board of directors of the Company, dividends in cash or property of the Company.

(ii) **Class B Common Stock**

The Company has designated 200,000,000 shares as Class B Common Stock with a par value of $0.00001. Holders of Class B Common Stock are entitled to notice of and to attend any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class of shares of the Company will have the right to vote. At each such meeting holders of Class B Common Stock are entitled to one vote in respect of each share of Class B Common Stock held. Holders of Class B Common Stock are entitled to receive as and when declared by the board of directors of the Company, dividends in cash or property of the Company.

(b) Issued and Outstanding

A reconciliation of the beginning and ending amounts of the issued and outstanding shares is as follows:

	Common Stock	Class A Common Stock	Class B Common Stock	Restricted Stock
Balance as of January 23, 2018	-	-	-	-
Common Stock issued for:				
Cash received, net of fees	21,000,000	-	-	-
Common Stock converted to:				
Class A Common Stock	(21,000,000)	21,000,000	-	-
Class B Common Stock issued for:				
Cash received, net of fees	-	-	37,194,281	-
Class B Common Stock issued for:				
TGSNH acquisition	-	-	5,000,000	-
Restricted Stock:				
Granted for services rendered	-	-	-	650,001
Balance as of December 31, 2018	**-**	**21,000,000**	**42,194,281**	**650,001**

(c) Non-Brokered Private Placement of Common Stock, Class A Common Stock, and Class B Common Stock

In February and March 2018, the Company completed a non-brokered private placement consisting of 14,944,658 shares of Common Stock and warrants to purchase an additional 14,944,658 shares of Common Stock at $1.00 per share for gross proceeds of $7,472,329. Upon the amendment and restatement of the Company's certificate of incorporation, each share of Common Stock was automatically changed and converted into one share of Class A Common Stock, and each warrant to purchase Common Stock was automatically changed and converted into one warrant to purchase Class A Common Stock.

Between March and October 2018, the Company completed three non-brokered private placements consisting of an aggregate of 37,194,281 shares of Class B Common Stock and warrants to purchase an additional 18,597,139 shares of Class B Common Stock at $2.00 per share for total gross proceeds of $42,812,281.

The Company incurred $1,218,289 of costs related to the private placements.

(d) Warrants

Each whole Class A Common Stock and Class B Common Stock warrant entitles the holder to purchase one share of Class A Common Stock and Class B Common Stock of the Company, respectively.

A reconciliation of the beginning and ending balance of the warrants outstanding is as follows:

	Number of Warrants	Average Exercise Price
Balance as of January 23, 2018	-	$ -
Issued	51,484,639	$ 1.42
Exercised	-	$ -
Balance as of December 31, 2018	**51,484,639**	**$ 1.42**

The following table summarizes the warrants that remain outstanding as of December 31, 2018:

Security Issuable	Exercise Price	Number of Warrants		Expiration Date
Class A Common Stock	$ 0.50	4,812,500	*(1)*	February 13, 2028
Class A Common Stock	$ 1.00	21,000,000	*(2)*	February 13, 2028
Total Class A Common Stock		**25,812,500**		
Class B Common Stock	$ 1.00	750,000	*(1)*	November 10, 2019
Class B Common Stock	$ 1.35	1,000,000	*(1)*	July 1, 2028
Class B Common Stock	$ 1.50	750,000	*(1)*	May 10, 2020
Class B Common Stock	$ 1.50	325,000	*(3)*	September 27, 2023
Class B Common Stock	$ 2.00	7,075,000	*(2)*	March 16, 2020
Class B Common Stock	$ 2.00	925,000	*(2)*	March 30, 2020
Class B Common Stock	$ 2.00	3,000,000	*(2)*	April 30, 2020
Class B Common Stock	$ 2.00	2,210,863	*(2)*	May 29, 2020
Class B Common Stock	$ 2.00	2,564,610	*(2)*	June 4, 2020
Class B Common Stock	$ 2.00	1,181,297	*(2)*	June 8, 2020
Class B Common Stock	$ 2.00	398,148	*(2)*	June 20, 2020
Class B Common Stock	$ 2.00	242,221	*(2)*	June 27, 2020
Class B Common Stock	$ 2.00	750,000	*(1)*	October 11, 2020
Class B Common Stock	$ 2.00	1,000,000	*(4)*	June 12, 2020
Class B Common Stock	$ 2.00	2,500,000	*(5)*	March 20, 2020
Class B Common Stock	$ 2.25	1,000,000	*(2)*	October 29, 2020
Total Class B Common Stock		**25,672,139**		
		51,484,639		

(1) - Issued for services rendered
(2) - Issued with the sale of stock
(3) - Issued in connection with a contemplated financing
(4) - Issued in connection with the sale of the Notes
(5) - Issued in connection with the acquisition of TGS National

The expiration dates of the warrants in the table above are based upon the term of the warrants beginning on the warrant issuance date. Many of the warrants have expiration dates that are subject to certain terms described in the warrant agreements. Specifically, many of the warrants have an expiration date that does not start until there is an exercise trigger/liquidity event. For this purpose, an exercise trigger/liquidity event is an amalgamation, share exchange, merger, plan or arrangement, or other form of business combination pursuant to which the Company's Common Stock (or the common shares of the resulting issuer) becomes listed on the Canadian Securities Exchange or any other securities exchange. In addition, many of the warrants contain terms under which the Company can accelerate the expiration date following a liquidity event if the volume weighted average price for any twenty consecutive trading days equals or exceeds a certain per share price.

During the period from January 23, 2018 (inception date) to December 31, 2018, the Company recorded share-based compensation expense related to warrants issued for services rendered of $1,869,792, including $1,481,250 to related parties, for 8,062,500 warrants including 4,295,000 to related parties, issued with a fair value ranging from $0.04 to $0.35 per warrant.

During the period from January 23, 2018 (inception date) to December 31, 2018, the Company recorded a finance charge related to warrants issued in the sale of the Notes to Health Diagnostics. The finance charge was $70,000 and 1,000,000 warrants were issued with a fair value of $0.07 per warrant.

During the period from January 23, 2018 (inception date) to ended December 31, 2018, the Company recorded a finance charge related to warrants issued for the commitment of capital by a group of shareholders which was intended to fund an acquisition that did not occur. The finance charge was $55,250 and 325,000 warrants were issued with a fair value of $0.17 per warrant.

The fair value of warrants issued was determined using a Monte Carlo simulation model taking into account the fair value of a share of the Company's stock on the date of grant and into the future encompassing a wide range of possible future market conditions with the following assumptions at the time of issuance:

Risk-Free Annual Interest Rate	2.40% - 2.94%
Expected Annual Dividend Yield	-
Expected Stock Price Voliatility	75% -85%
Expected Life of Warrants	1 - 11 years

Volatility was estimated by using the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies. The expected life in years represents the period of time that the warrants issued are expected to be outstanding. The risk-free rate is based on U.S. Treasury bills with a remaining term equal to the expected life of the warrants.

As of December 31, 2018, warrants outstanding have a weighted-average remaining contractual life of 5.4 months.

9. SHARE-BASED COMPENSATION

On February 13, 2018, the Company adopted the 2018 Equity Incentive Plan (the "Plan"). Under the terms of the Plan employees, directors and consultants are eligible to receive awards. The Plan provides for the grant of the following types of awards: (i) Incentive Stock Options, (ii) Nonstatutory Stock Options, (iii) Stock Appreciation Rights (iv) Restricted Stock Awards, (v) Restricted Stock Unit Awards and (vi) Other Awards. The Plan, through the granting of awards, is intended to help the Company secure and retain the services of eligible award recipients, provide incentives for such persons to exert maximum efforts for the success of the Company and any Affiliate and provide a means by which the eligible recipients may benefit from increases in value of the Common Stock.

The aggregate number of shares of Common Stock that may be issued pursuant to awards will not exceed 20,000,000 shares (the "Share Reserve"). At no time during the term of the Plan may awards be issued if the number of shares of Common Stock issued pursuant to existing awards shall exceed the lessor of: (i) 20,000,000 shares and (ii) 10% of the number of outstanding shares of common stock (of all classes) of the Company. On November 30, 2018 the Plan was amended to increase the number of outstanding shares of common stock (of all classes) from 10% to 15%.

A summary of share-based compensation expense from stock options and restricted stock grants for the period from January 23, 2018 (inception date) to December 31, 2018 is as follows:

Stock Options:	
Directors	$ 188,692
Employees	263,359
Total Stock Options	452,051
Restricted Stock Grants	31,056
	$ 483,107

(a) Stock Options

A reconciliation of the beginning and ending balance of stock options outstanding is as follows:

	Number of Stock Options	Weighted-Average Exercise Price
Balance as of January 23, 2018	-	$ -
Granted	6,574,998	$ 1.10
Forfeited	-	$ -
Exercised	-	$ -
Balance as of December 31, 2018	**6,574,998**	**$ 1.10**

The following table summarizes the stock options that remain outstanding as of December 31, 2018:

Security Issuable	Exercise Price	Expiration Date	Stock Options Outstanding		Stock Options Exercisable
Class B Common Stock	$ 1.00	May 25, 2028	4,699,998	*(1) (2)*	-
Class B Common Stock	$ 1.35	October 12, 2028	925,000	*(1)*	-
Class B Common Stock	$ 1.35	December 1, 2028	950,000	*(1)*	-
			6,574,998		**-**

(1) - Issued to employees of certain subsidiaries of the Company under the Company's Plan. Such options expire in ten years from the date of grant and generally have the following vesting conditions: 1/3rd of the options will vest on each anniversary of the grant date.

(2) - Includes 2,219,229 stock options issued to directors of the Company under the Company's Plan.

The fair value of stock options granted was determined using the Black-Scholes option-pricing model with the following assumptions at the time of grant:

Risk-Free Annual Interest Rate	2.64% - 3.10%
Expected Annual Dividend Yield	0%
Expected Stock Price Voliatility	85%
Expected Life of Stock Options	6 - 7 years
Forfeiture Rate	-

Volatility was estimated by using the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies. The expected life in years represents

the period of time that stock options issued are expected to be outstanding. The risk-free rate is based on U.S. Treasury bills with a remaining term equal to the expected life of the options.

During the period from January 23, 2018 (inception date) to December 31, 2018, the weighted-average fair value of stock options granted was $0.27 per option. As of December 31, 2018, stock options outstanding have a weighted-average remaining contractual life of 9.74 years.

(b) Restricted Stock Grants

During the period from January 23, 2018 (inception date) to December 31, 2018, the Company granted to 650,001 restricted Class B Common Stock shares to consultants. The restricted shares will vest one-third on each anniversary of the grant date. These shares were valued using the Company stock valuation.

10. PROVISION FOR INCOME TAXES AND DEFERRED INCOME TAXES

The Company is subject to income taxes in the U.S. federal and various state jurisdictions. The reconciliation between the effective tax rate on income from operations and the statutory tax rate is as follows:

Expected Income Tax Benefit at Statutory Tax Rate	$ (1,413,446)
Permanent Non-Deductible Items	1,413,446
Net Changes in Deferred Tax Assets Not Recognized	(4,718)
Valuation Allowance	4,718
Reported Income Tax Expense	**$ -**
Effective Tax Rate	**0%**

The net deferred tax assets for the period from January 23, 2018 (inception date) to December 31, 2018, have been offset by 100% valuation allowance. Based upon available objective evidence, management believes that the deferred tax assets will not be realized.

As of December 31, 2018, the Company had state net operating loss carryforwards of approximately $102,000 that can be carried forward indefinitely. Federal and state laws can impose substantial limitations on the utilization of net operating loss and tax credit carry-forwards in the event of an "ownership change", as defined in Section 382 of the Internal Revenue Code. As of December 31, 2018, we have not determined the effect, if any, of this limitation in future years.

IFRIC 23, Uncertainty over Income Tax Treatments ("IFRIC 23") clarifies the application of recognition and measurement requirements in IAS 12, Income Taxes, when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers uncertain tax treatments separately or as a group, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates and how an entity considers changes in facts and circumstances. IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019, with earlier application permitted. The Company is early adopting IFRIC 23 as of December 31, 2018, and the standard did not have a material impact to the financial statements.

Internal Revenue Code ("IRC") Section 280E denies, at the US federal level, deductions and credits attributable to a trade or business trafficking in controlled substances. Case law shows that "cost of goods sold" has been permitted as a deduction in determining taxable income. Certain subsidiaries of the Company with medical and recreational cannabis operations are subject to IRC Section 280E, for those subsidiaries, the Company's US tax is based on gross receipts less cost of goods sold.

11. COMMITMENTS AND CONTINGENCIES

(a) Office and Operating Leases

The Company leases certain business facilities in Florida and California from third parties under operating lease agreements that specify minimum rentals. The leases expire between 2021 and 2023 and contain certain renewal provisions. On January 15, 2019, the lease agreement for the California facility has been amended to extend 7 years from the regulatory permit date. Upon receiving the regulatory permit in California, the rent expense for that facility will increase to $70,000 a month for the first year, $76,000 for the second year and an increase of 3% every year until October 2023. The Company's net rent expense for the period from January 23, 2018 (inception date) to December 31, 2018 was $64,041.

Future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year are as follows:

Year Ending December 31,	Scheduled Payments
2019	$ 263,600
2020	273,708
2021	187,828
2022	180,000
2023	150,000
Total Future Mimimum Lease Payments	**$ 1,055,136**

(b) Reverse Takeover

As of November 2, 2018, the Company entered into a letter agreement (the "Letter Agreement") with Tanzania Minerals Corp. ("Tanzania") pursuant to which the Company would affect a reverse takeover ("RTO") of Tanzania. The proposed transaction will be structured as an amalgamation, arrangement, takeover bid, share purchase or other similar form of transaction or a series of transactions that have a similar effect with Tanzania acquiring all voting securities of the Company. The final structure for the proposed transaction is subject to satisfactory tax, corporate and securities law advice as determined by the Company.

On April 29, 2019, a special shareholder meeting of Tanzania was held to approve all required matters in connection with the proposed transaction. The closing of the proposed transaction will take place in the second quarter of 2019. The Common Shares of Tanzania will remain halted until all necessary filings have been accepted by applicable regulatory authorities.

Tax attributes are subject to an annual limitation from equity shifts, which constitute a change of ownership as defined under Internal Revenue Code ("IRC") Section 382, which will limit their utilization. As of December 31, 2018, the Company has not determined the effect of these limitations and will reassess the effect, if any, of this limitation in the future years.

(c) Contingencies

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company

believes that the Company is in compliance with applicable local and state regulations as of December 31, 2018, medical marijuana regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties or restrictions in the future.

(d) Consulting Agreements

On August 20, 2018, the Company entered into a consulting agreement with CCIntegrated LLC ("CCI") to assist the Company in forming a special purpose entity ("the SPE") in connection with the Culver City, California cannabis business regulations, specifically the Company's intention to obtain retail storefront business license to operate within Culver City. As of December 31, 2018, the license is still pending. The Company is obligated to pay a onetime success fee of $10,000 to CCI, if the SPE is awarded the license. If the SPE is awarded the licenses and upon receiving the certificate of occupancy and opening the business, there is an additional one-time success fee of $10,000 and CCI will be granted a 5% equity interest in the SPE. A commitment fund will also be set up to fund $100,000 annually towards non-profit organizations in Culver City, California.

On May 23, 2018, the Company entered into a consulting agreement with Orbis to assist the Company in the 2018 Culver City Cannabis License apfplication process. As of May 17, 2019, the application is still pending. The Company is obligated to pay Orbis $125,000 success fee per approved license, business or location.

(e) Claims and Litigation

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 of December 31, 2018, there were no pending lawsuits that could reasonably be expected to have a material effect on the results of the Company's operations. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

On June 1, 2018, TGS National, which controls TGS National Franchise, LLC ("**TGS**"). TGS, a franchisor, filed a lawsuit in Colorado state court against San Felasco Nurseries, Inc. ("SFN"), as assignee of Florida Compassionate Growers, LLC. The case is currently on appeal in Colorado state court. The action was filed primarily out of TGS's 2018 exercise of a contractual right of first refusal to purchase SFN, its franchisee, following SFN entering into a letter of intent to sell its franchise to a third-party. TGS initially sought relief in arbitration (subsequently withdrawn) and then filed a lawsuit in Colorado state court. The state court lawsuit sought equitable relief. On August 14, 2018, the state trial court dismissed the lawsuit without reaching the merits based on a contractual limitations period. Based on a contractual provision entitling the prevailing party to attorneys' fees and costs, the trial court also ordered TGS to pay SFN $211,781 in combined attorney's fees and costs. TGS has appealed both the dismissal and the award of attorney's fees and costs. TGS filed its opening brief and SFN filed a response brief. The Company is pursuing this matter vigorously.

On October 22, 2018, TGS filed a claim in an arbitration action against SFN pending before the American Arbitration Association ("**AAA**"). During 2018, SFN terminated the franchise agreements between it and TGS. SFN then sold its business to a third-party. TGS contends the termination and transfer were wrongful and in late 2018 initiated arbitration seeking to recover its damages, primarily consisting of lost royalties for the remaining term of the franchise agreements. The AAA has not yet completed the appointment of a panel of arbitrators to determine this matter. The Company is pursuing this matter vigorously.

(f) Biomass

On December 14, 2018, the Company entered into a Supply and Purchase Agreement (the "Agreement") with a Supplier with an initial term of 24 months that will automatically renew for successive 12-month period. The Company has certain minimum order quantities per Purchase Order of Product and will provide rolling six-month forecasts to the Supplier. Subject to the terms and conditions in the Agreement, the Company agreed to purchase CBD products and the Supplier agreed to exclusively produce, supply and sell to the Company CBD products and unconditionally grant to the Company a right of first offer to acquire any additional CBD products which the Supplier has the capacity to produce, based upon the terms and conditions in the Agreement.

12. RELATED PARTY TRANSACTIONS

Transactions with related parties are entered into during the normal course of business and measured at the amount established and agreed to by the parties. The Company had the following related party transactions during the year ended December 31, 2018.

Services Agreements

On July 1, 2018, the Company entered into a Services Agreement with One East Management Services LLC ("OEMS") to provide certain management, advisory and consulting services for Jushi. OEMS is owned and controlled by Jim Cacioppo, the CEO of the Company. The term of the Services Agreement is through May 31, 2020, and, will be automatically extended for additional one-year periods unless terminated by either party with sixty day written notice. The Company paid OEMS $341,667 for services rendered during the period January 23, 2018 (inception date) to December 31, 2018. Also, in conjunction with the Services Agreement the Board of Directors approved the issuance of a warrant to purchase 1,000,000 fully paid and nonassessable shares of the Company's Class B Common Stock with a grant date fair value of $250,000. On February 13, 2018, the Company issued One East Capital Advisors, LLP ("OECA") a warrant to purchase 1,375,000 shares with an exercise price of $0.50 that vested upon issuance with a total grant date fair value of $481,250 for reimbursement of services rendered prior to entering into the Services Agreement. OECA is owned and controlled by Jim Cacioppo, the CEO. There was no amount due from either OEMS or OECA at December 31, 2018.

On March 18, 2018, the Company entered into a Services Agreement with TGS National to provide certain management, advisory and consulting services, whereby the Company will provide these services to TGS National. Jushi acquired 51% of TGSNH on March 18, 2018. The term of the Services Agreement is in effect through February 17, 2019, with automatic one-year extensions unless terminated by either party with sixty day written notice. The Services Agreement was terminated on December 31, 2018. The monthly service fee was $30,000 and was prorated for partial months. TGS National paid the Company $300,539 for services rendered during the period January 23, 2018 (inception date) to December 31, 2018, which has been eliminated in consolidation. There was no amount due from TGS National at December 31, 2018.

Franchise Agreements

On February 29, 2016, TGS National Franchise, LLC ("TGSNF") entered into a Franchise Agreement with TGS Illinois, LLC ("TGSI"), to provide certain franchise systems for the operation of a retail cannabis business. The term of the Franchise Agreement is for a period of (10) ten years. Per the Franchise Agreement, a weekly royalty fee based on gross sales is to be remitted to TGSNF. For the period from January 23, 2018 (inception date) to December 31, 2018, the Company recognized revenue of $233,919 under this agreement and at December 31, 2018, the amount due from TGSI was $263,729. TGSNF is a wholly-owned subsidiary of TGS National Holdings, LLC, in which Jushi acquired 51% on March 18, 2018.

Consulting Agreements

On February 13, 2018, the Company and Mr. Denis Arsenault entered into a Consulting Agreement. Mr. Arsenault is to provide general business consulting and advice on the cannabis industry. The term of the Consulting Agreement is for a period of (5) five years. As consideration for the consulting services, the Company issued Mr. Arsenault warrants to purchase 2,750,000 shares of the Company's Class A Common Stock at a price of $0.50 per share with a grant date fair value was $962,500 that vested upon issuance. Mr. Arsenault is a former director of the Board of Directors of Jushi.

Bridge Warrants

On September 27, 2018, Jushi entered into a Bridge Loan Facility with a syndicate of lenders to provide for a $20,000,000 senior unsecured bridge loan facility. The syndicate of lenders who signed the Bridge Loan Facility, collectively, committed to make loans to the Company in an amount per lender as set forth in the Bridge Loan Agreement. Upon the syndicate of lenders signing the Bridge Loan Facility, each was entitled to receive a warrant to purchase such number of shares of Class B Common Stock of Jushi equal to the individual lenders (i) signing coverage amount multiplied by (ii) such lender's bridge loan commitment percentage. The total warrants for the initial bridge loan maximum of $20,000,000 was 500,000 shares of Class B Common Stock. The bridge warrants are exercisable for a period of five years from issuance, have an exercise price of $1.50 per share of Class B Common Stock and vested upon issuance. The following bridge warrants were issued to related parties upon execution of the Bridge Loan Facility: (i) OECP received 175,000 bridge warrants with a grant date fair value of $29,750; (ii) Mr. Denis Arsenault received 62,500 bridge warrants with a grant date fair value of $10,625 and; (iii) Mr. Erich Mauff (member of the Board of Directors) received 25,000 bridge warrants with a grant date fair value of $4,250. The Bridge Loan Facility was terminated during October 2018.

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, investment in trading securities, accounts receivable due from related party, financial asset, accounts payable and accrued expenses and redemption liability. The carrying values of these financial instruments approximate their fair values as of December 31, 2018.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

The Company's investment in trading securities is considered to be a Level 1 instrument because it is comprised of shares of a public company, and there is an active market for the shares with observable market data or inputs. The Company's financial asset is considered to be a Level 3 instrument because it is comprised of shares of a private company; thus, there is no active market for the shares and no observable market data or inputs.

The redemption liability related to the acquisition of 49% of TGSNH is recorded at fair value and is estimated using the present value of the Put Option and Call Option and is therefore considered to be a Level 3 measurement.

There was no change in the Company's Level 3 financial asset during the period from January 23, 2018 (inception date) to December 31, 2018. Changes in the Level 3 financial liability were as follows:

Balance at January 23, 2018	$	—
Additions		7,297,000
Revaluation of Level 3 Instruments		91,547
Balance at December 31,2018	$	7,388,547

There have been no transfers between fair value levels during the year.

The following table summarizes the Company's financial instruments as of December 31, 2018:

	Financial Assets	Financial Liabilities	Total
Financial Assets:			
Cash	$ 38,113,861	$ -	$ 38,113,861
Investment in trading securities	$ 1,233,228	$ -	$ 1,233,228
Accounts receivable	$ 261,748	$ -	$ 261,748
Due from related party	$ 263,729		$ 263,729
Financial assets	$ 5,454,252		$ 5,454,252
Financial Liabilities:			
Accounts payable and accrued expenses	$ -	$ 1,276,082	$ 1,276,082
Redemption liability	$ -	$ 7,388,547	$ 7,388,547

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

(a) Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at December 31, 2018, is the carrying amount of cash and cash equivalents. The Company does not have significant credit risk with respect to its customers. All cash and cash equivalents are placed with major U.S. financial institutions. Although some cash is placed with major U.S. financial institutions, there has been no change in the U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the cannabis industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from business involved with the marijuana industry.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk but has limited risk as the majority of its sales are transacted with cash.

"Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Canada Deposit Insurance Corporation ("CDIC") up to $100,000. As December 31, 2018, the Company had $37,757,684 in excess of the CDIC insured limit."

(b) Asset Forfeiture Risk

Because the 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 were 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.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

In addition to the commitments outlined in "Note 11 - Commitments and Contingencies", the Company has the following contractual obligations as of December 31, 2018:

	< 1 Year	1 to 3 Years	3 to 5 Years	Total
Accounts payable and accrued expenses	$ 1,276,082	$ -	$ -	$ 1,276,082

(d) Market Risk

(i) Currency Risk

The operating results and financial position of the Company are reported in U.S. dollars. The Company had no exposure to foreign currency transactions for the period January 23, 2018 (inception date) to ended December 31, 2018.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Company's financial debts have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

(iii) Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices.

(iv) Regulatory Risk

Regulatory risk pertains to the risk that the Company's business objectives are contingent, in part, upon the compliance of regulatory requirements. Due to the nature of the industry, the Company recognizes that regulatory requirements are more stringent and punitive in nature. Any delays in obtaining, or failure to obtain regulatory approvals can significantly delay operational and product development and can have a material adverse effect on the Company's business, results of operation, and financial condition.

The Company is cognizant of the advent of regulatory changes occurring in the cannabis industry on the city, state, and national levels. Although regulatory outlook on the cannabis industry has been moving in a positive trend, the Company is aware of the effect of unforeseen regulatory changes can have on the goals and operations of the business as a whole.

14. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funding to support its ongoing operations and development such that it can continue to provide returns to shareholders and benefits for other stakeholders.

The capital structure of the Company consists of items included in stockholders' equity and debt. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. The Company plans to use existing funds, as well as funds from the future sale of products, to fund operations and expansion activities.

As of December 31, 2018, the Company is not subject to externally imposed capital requirements.

15. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 17, 2019, which is the date these consolidated financial statements were issued.

(a) Non-Brokered Private Placement of Class B Common Stock

In February and March 2019, the Company completed a non-brokered private placement consisting of 8,050,000 shares of Class B Common Stock and warrants to purchase an additional 4,025,000 shares of Class B Common Stock at $3.00 per share for gross proceeds of $16,100,000.

(b) Purchase and/or Lease of Commercial Real Estate

(i) On January 1, 2019, the Company entered into a commercial lease agreement with Erich Mauff, a member of the Board of Directors for an apartment on 118 Remsen Street, Apt.1 Brooklyn, New York. The monthly rental fee is $2,550 which is paid in biannual installments. On April 1, 2019, the lease was terminated by the Company and Mr. Mauff.

(ii) On January 31, 2019, the Company purchased a commercial property on 28 Carpenter Street, Reading, Pennsylvania for $195,000. The Company agreed to develop and lease the property to Agape Total Health Care, Inc.

(iii) On February 19, 2019, the Company entered into a commercial lease agreement to lease office space on 461 Ellicott Street, Second Floor, Buffalo, New York. The lease begins on March 1, 2019 for a two-year term. The monthly rental fee is $2,425 for 2,315 square feet.

(iv) On March 6, 2019, the Company purchased a commercial property located at 3516 State Street, Santa Barbara, California for $3,100,000. The property includes a building with suitable retail space of approximately 3,900 square feet. The Company agreed to develop and lease a portion of the property to GSG SBCA, Inc.

(v) On March 8, 2019, the Company purchased a commercial property on 101 N. Centre Street in Pottsville Pennsylvania for $340,000. The Company agreed to develop and lease the property to Agape Total Health Care, Inc.

(vi) On April 10, 2019, the Company entered into a Sublease Agreement to lease retail space at 3980 Sheridan Drive, Amherst, New York. The lease commences on April 10, 2019 and expires on March 31, 2024. The base monthly rental fee is $3,010 with a 3% annual increase for 936 square feet. In addition to the base monthly rental fee, the Company will pay a Sublandlord Percentage Rent which is 10% of gross sales per month.

(vii) On April 16, 2019, the Company entered into Lease Agreement to lease retail space at 24 Lancaster Avenue, Ardmore, PA. The lease commences upon the delivery of possession (anticipated June 2019) for a five-year term. The monthly rental fee is $5,000 with a 3% annual increase for 5,800 square feet. The lease terms include a reimbursement to the landlord for 40% of the property's annual operating expenses, and a $20,000 security deposit.

(viii) On April 18, 2019, the Company entered into a Commercial Lease Agreement to lease retail space at 1201-1203 Sansom Street, Philadelphia, Pennsylvania. The lease commences upon the completion of certain landlord improvements, for a two-year term. The monthly rental fee

is $3,000 with a 3% annual increase. The lease terms include a pro-rata share of common area expenses, and a $9,000 security deposit.

(c) Purchase Orders

In January 2019, the Company placed a purchase order for $620,000 in hemp biomass from a licensed grower and processor of industrial hemp in the State of New York

In March 2019, the Company placed purchase orders totaling $522,000 with vendors for the purchase of certain CBD products which include the packaging and lab testing.

In April 2019, the Company entered into a letter of intent with Castetter Sustainability Group, Inc. ("Castetter") to acquire the entire yield of hemp biomass from no fewer than 100 acres through the 2019 growing season. In connection with the letter of intent, the Company paid Castetter $250,000 for the purpose of purchasing the necessary seeds related to the 2019 growing season, this payment will be credited towards the final amounts due by the Company to Castetter for the purchased hemp biomass.

(d) Pending Business Acquisitions

(i) **Malibu Community Collective, Inc.**

In February 2019, the Company entered into a Membership Issuance and Acquisition of Management Agreement with Malibu Community Collective, Inc. ("MCC") pursuant to which it will, subject to the fulfillment of certain regulatory conditions, acquire 100% control of MCC. MCC has the right to operate one of only two adult use retail cannabis dispensaries in Malibu, California. Prior to that, in October 2018, the Company signed a lease giving it the right, subject to the fulfillment of certain regulatory conditions, to occupy approximately 3,000 square foot of space in a prime retail location on Pacific Coast Highway in Malibu. It is expected that closing of the definitive agreements will occur in the third quarter of 2019, subject to receipt of applicable regulatory approvals. The Company has agreed to advance up to $75,000 to MCC for working capital uses which will be applied toward the purchase price. The Company has advanced $60,000 as of May 17, 2019.

(ii) **GSG SBCA, Inc.**

In February 2019, the Company entered into a binding term sheet to acquire (i) 100% of GSG SBCA Inc. ("GSGSB"), subject to the fulfillment of certain conditions, and (ii) the contract to purchase the associated real estate. GSGSB has the right to operate one of only three adult use cannabis dispensaries in the City of Santa Barbara, California. The Company's acquisition of the real estate closed on March 3, 2019. An escrow account was established to hold funds on behalf of the Company ("Buyer") and GSGSB ("Seller") in accordance with a Securities Purchase Agreement ("SPA") dated March 3, 2019, in the amount of $2,250,000. The Company's acquisition of the real estate closed on March 5, 2019. It is expected that the closing of the GSGSB acquisition will occur in the third or fourth quarter of 2019, subject to receipt of applicable regulatory approvals.

(iii) **Agape Total Health Care, Inc**.

In February and March 2019, the Company purchased two commercial properties in Reading and Pottsville, Pennsylvania, and agreed to develop and lease these two properties to Agape Total Health Care, Inc. ("Agape"). Agape received a provisional dispensary permit in Round II from the Pennsylvania Department of Health and plans to open three dispensaries to sell medical cannabis. The Company has entered into a binding letter of intent, subject to negotiation of definitive documents and subsequent receipt of applicable regulatory approval, to purchase a majority stake in Agape. It is expected that closing of the acquisition will occur in the third or fourth quarter of 2019, subject to receipt of applicable regulatory approvals.

(iv) **Franklin BioScience NV – Nevada, LLC**

In April 2019, the Company entered into a definitive agreement to purchase 100% of the equity interests of Franklin BioScience NV, LLC ("FBS NV"), as well as related real estate owned by Farman LLC, for a combination of cash and sellers' notes. FBS NV holds medical and adult use cannabis cultivation, processing and hemp handlers' licenses issued by the Nevada Department of Taxation and currently operates a cultivation and production facility in North Las Vegas, Nevada. FBS NV has also applied for a cannabis distributor license. It is expected that closing of the acquisition will occur in the third or fourth quarter of 2019, subject to receipt of applicable regulatory approvals. The Company and FSB NV entered into a Credit and Security Agreement on April 23, 2019, which provides for advances of up to $500,000 for working capital and capital expenditure purposes. The Credit and Security Agreement terminates on April 22, 2020. As of May 17, 2019 the Company has advanced $40,000 to FSB-NV.

(e) Negotiation / Exclusivity Payment

In March 2019, the Company entered into a letter of intent to allow the company to negotiate definitive documents with a third party. Pursuant to the terms of the letter of intent, the Company made a payment of $1,000,000.

(f) Consulting Agreements

On January 16, 2019, the Company entered into a consulting agreement with Orbis Capital, Inc. ('Orbis") to assist the Company in the 2019 Pasadena application process. As of May 17, 2019, the application is still pending. The Company is obligated to pay Orbis $125,000 success fee per approved license, business or location.

On April 8, 2019, the Company amended its Consulting Agreement dated February 13, 2018, with Denis Arsenault ("Amendment No. 1 Consulting"). The following are the amendments included in Amendment No. 1 Consulting: (1) issue an additional warrant to Mr. Arsenault to purchase 500,000 shares of Class B Common Stock at a price of $2.00 per share that vest over a three-year period beginning one year after the grant date with an expiration date of April 18, 2029; (ii) payment of an additional one-time step up fee of $150,000; and (iii) annual compensation of $50,000 to be paid quarterly and prorated for partial periods for so long as Mr. Arsenault continues to consult for the Company.

(g) Services Agreement

On April 17, 2019, the Company amended its Services Agreement dated July 1, 2018 with OEMS ("Amendment No. 1 Services"). The following are the amendments included in Amendment No. 1 Services (i) issuance of an additional warrant to OEMS to purchase 800,000 shares of Class B Common Stock at a price of $2.00 per share with an expiration date of April 19, 2029; and (ii) payment of an additional step-up fee of $75,000.

(h) Employee Equity Based Awards

(i) **Warrants**

From January 1, 2019 through May 3, 2019, the Company has issued warrants to purchase 5,580,375 shares of Class B Common Stock with exercise prices ranging from $1.50 to 3.00 per share. Directors of the Company were awarded 93,750 of the total warrants issued.

(ii) **Stock Options and Restricted Stock**

On April 11, 2019, the Board of Directors approved the grant of 6,743,000 stock options and 1,300,000 shares of restricted stock for a total of 8,043,000 shares of Class B Common Stock with an exercise price of $2.00 per share under the 2018 Equity Incentive Plan. Directors of the Company were awarded 4,055,000 of the total approved.

(i) Payments

In accordance with the Advisory and Consulting Agreement and the Data Purchase Agreement, the Company paid $312,500 on May 7, 2019 and on May 5, 2019 issued $312,500 of Class B Common Stock with a three-year vesting period to Dr. Mechtler for services rendered. See Note 5.

APPENDIX B

Audited Financial Statements of Tanzania Minerals Corp.

TANZANIA MINERALS CORP.

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

February 28, 2019

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Tanzania Minerals Corp.

Opinion

We have audited the accompanying consolidated financial statements of Tanzania Minerals Corp. (the "Company"), which comprise the consolidated statements of financial position as at February 28, 2019 and 2018, and the consolidated statements of operations and comprehensive loss, cash flows and changes in shareholders' equity (deficiency) for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the consolidated financial statements, which indicates that the Company has not generated revenue from operations and will require additional financing to maintain its operation and activities. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is David Harris.

"DAVIDSON & COMPANY LLP"

Vancouver, Canada

Chartered Professional Accountants

March 26, 2019

TANZANIA MINERALS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

As at

	February 28, 2019	February 28, 2018
ASSETS		
Current		
Cash	$ 110,912	$ 734
Receivables	942	4,245
Prepaid expenses	6,700	-
	$ 118,554	$ 4,979
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 91,787	$ 433,227
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Capital stock (Note 5)	14,244,852	13,660,966
Reserves (Note 5)	2,514,841	2,514,841
Deficit	(17,627,752)	(17,499,062)
Accumulated other comprehensive income	894,826	895,007
	26,767	(428,248)
	$ 118,554	$ 4,979

Nature of operations (Note 1)
Going concern (Note 2)
Proposed transaction (Note 11)
Subsequent event (Note 12)

Approved on behalf of the Board on March 26, 2019:

Robert Dzisiak Director *Bev Funston* Director

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

TANZANIA MINERALS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)

For the years ended

	February 28, 2019	February 28, 2018
Expenses		
Consulting (Note 6)	$ 12,500	$ 58,250
General and administrative expenses	38,034	22,581
Professional fees (Note 6)	78,156	81,594
Gain on settlement of debt	-	(19,633)
Loss for the year	(128,690)	(142,792)
Translation adjustment	(181)	2,034
Comprehensive loss for the year	$ (128,509)	$ (140,758)
Basic and diluted loss per common share	$ (0.02)	$ (0.06)
Weighted average number of common shares outstanding – basic and diluted	6,988,623	2,405,106

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

TANZANIA MINERALS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

For the years ended

	February 28, 2019	February 28, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	$ (128,690)	$ (142,792)
Items not involving cash:		
Unrealized foreign exchange	(181)	2,034
Changes in non-cash working capital items:		
Decrease (increase) in receivables	3,303	(1,855)
(Increase) in prepaid expenses	(6,700)	-
(Decrease) increase in accounts payable and accrued liabilities	(341,440)	102,616
Net cash used in operating activities	(473,708)	(39,997)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	-	10,000
Related party receivable	-	30,000
Net cash provided by investing activities	-	40,000
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital, net of share issuance costs (Note 5)	583,886	-
Net cash provided by financing activities	583,886	-
Increase in cash	110,178	3
Cash, beginning of year	734	731
Cash, end of year	$ 110,912	$ 734
Cash paid during the year for:		
Interest	$ -	$ -
Income taxes	$ -	$ -

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

TANZANIA MINERALS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in Canadian Dollars)

	Capital Stock					
	Number	Amount	Reserves	Deficit	Accumulated Other Comprehensive Income	Total
Balance, February 28, 2017	**2,405,106**	**$13,660,966**	**$ 2,514,841**	**$ (17,356,270)**	**$ 892,973**	**$ (287,490)**
Loss for the year	-	-	-	(142,792)	-	358
Translation adjustment	-	-	-	-	2,034	1,694
Balance, February 28, 2018	**2,405,106**	**13,660,966**	**2,514,841**	**(17,499,062)**	**895,007**	**(428,248)**
Loss for the year	-	-	-	(128,690)	-	(128,690)
Issuance of share capital	6,999,932	629,994	-	-	-	629,994
Share issue costs	-	(46,108)	-	-	-	(46,108)
Translation adjustment	-	-	-	-	(181)	(181)
Balance, February 28, 2019	**9,405,038**	**$ 14,244,852**	**$ 2,514,841**	**$ (17,627,752)**	**$ 894,826**	**$ 26,767**

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

1. NATURE OF OPERATIONS

Tanzania Minerals Corp. (the "Company") is an exploration stage company and was in the business of exploration and evaluation of mineral properties in Tanzania, Africa through its subsidiary, Tansmin Resources (Tanzania) Limited ("Tansmin"). The Company was incorporated under the laws of the British Columbia on June 29, 2007. The Company has its head office at 300 Bellevue Centre, 235 15th Street, West Vancouver, BC V7T 2X1.

To date, the Company has not earned significant revenues, and is considered to be in the exploration stage.

On April 26, 2018, the Company consolidated its share capital on the basis of one post consolidated common share for every 30 pre-consolidated common shares. All common share and per common share amounts, including options, in these financial statements have been adjusted to give retroactive effect to the share consolidation (Note 5).

2. GOING CONCERN

These consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going-concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. Accordingly, it does not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts which may differ from those shown in the consolidated financial statements. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations.

As at February 28, 2019, the Company had a working capital surplus (deficit) of $26,767 (February 28, 2018 – ($428,248)). The Company's liquidity is dependent on its ability to obtain additional equity financing and achieve future profitable operations.

The Company has not generated revenue from operations and will require additional financing to maintain its operations and activities. These material uncertainties and conditions may cast significant doubt as to the Company's ability to continue as a going concern.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

3. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee (" IFRIC").

These consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

These consolidated financial statements were authorized for issue by the Board of Directors on March 26, 2019.

Basis of measurement

These consolidated financial statements are presented in Canadian dollars, unless otherwise stated.

These consolidated financial statements include the financial statements of the Company, 0886940 B.C. Ltd., and Tansmin, which are wholly owned, and controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity to obtain benefits from its activities. The financial statements of the Company's subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

Critical accounting judgments and estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Critical judgments in applying accounting policies

The preparation of these consolidated financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 2, as well as the determination of functional currency. The functional currency is the currency of the primary economic environment in which an entity operates and has been determined for each entity within the Company. The functional currency for the Company and 0886940 B.C. Ltd. has been determined to be the Canadian dollar, while the functional currency of Tansmin has been determined to be the United States ("US") dollar.

3. BASIS OF PRESENTATION (cont'd…)

Critical accounting judgments and estimates (cont'd…)

Key Sources of Estimation Uncertainty

Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of assets and liabilities at the date of the consolidated financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates and such differences could be significant. Significant estimates made by management affecting our consolidated financial statements include:

Fair value of share-based payments

Determining the fair value of compensatory warrants and stock options granted requires judgments related to the choice of a pricing model, the estimation of stock price volatility, the expected forfeiture rate and the expected term of the underlying instruments. Any changes in the estimates or inputs utilized to determine fair value could result in a significant impact on the Company's future operating results or on other components of equity. The value of any share-based payments expense for the year, along with the assumptions and model used for estimating the fair value for share-based payment transactions are disclosed in Note 5.

Income taxes

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Company have been prepared in accordance with IFRS and reflect the following significant accounting policies:

Financial instruments

The Company adopted all of the requirements of IFRS 9 – *Financial instruments ("IRFS 9")* as of January 1, 2018. IFRS 9 replaces IAS 39 – *Financial Instruments: Recognition and Measurement ("IAS 39")*. IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities is unchanged. As a result of the adoption of IFRS 9, management has changed its accounting policy for financial assets retrospectively, for assets that continued to be recognized at the date of initial application. The change did not impact the carrying value of any financial assets of financial liabilities on the transition date.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

Classification

The following is the Company's new accounting policy for financial instruments under IFRS 9:

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive income (loss) ("FVTOCI"), or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics. Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

The Company completed a detailed assessment of its financial assets and liabilities as at January 1, 2018. The following table shows the original classification under IAS 39 and the new classification under IFRS 9:

Financial assets/liabilities	**Original classification IAS 39**	**New classification IFRS 9**
Cash	FVTPL	FVTPL
Receivables	Amortized cost	Amortized cost
Accounts payable	Amortized cost	Amortized cost

The Company did not restate prior periods and determined that the adoption of IFRS 9 resulted in no impact to the opening accumulated deficit on January 1, 2018.

Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the consolidated statements of comprehensive loss in the period in which they arise.

Impairment of financial assets at amortized cost

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Financial instruments (cont'd…)

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Derecognition

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity. Gains and losses on derecognition are generally recognized in the consolidated statements of comprehensive loss.

Exploration and evaluation assets

Once the legal right to explore a property has been acquired, costs related to the acquisition and exploration of evaluation and exploration assets are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit of production method. Each of the Company's evaluation and exploration assets is considered to be a cash generating unit. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the exploration and evaluation asset. If payments received exceed the capitalized cost of the exploration and evaluation asset, the excess is recognized as income in the year received. The amounts shown for evaluation and exploration assets do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

Impairment

At each financial position reporting date the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived from the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Future reclamation costs

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of evaluation and exploration assets and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to the related assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the period.

For the years presented, the Company does not have any significant future reclamation costs.

Foreign currency translation

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for each entity within the Company. The functional currency of the Company and 0886940 B.C. Ltd. is the Canadian dollar, and the functional currency of Tansmin is the United States dollar.

Accordingly, the accounts of Tansmin are translated into Canadian dollars as follows:

- all of the assets and liabilities are translated at the rate of exchange in effect on the date of the statement of financial position;
- revenue and expenses are translated at the exchange rate approximating those in effect on the date of the transactions; and
- exchange gains and losses arising from translation are included in accumulated other comprehensive income.

Transactions in currencies other than the functional currency are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the rate of exchange at the date of the statement of financial position while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations and comprehensive loss.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Basic and diluted loss per share

Basic loss per share is computed by dividing the loss for the year by the weighted average number of common shares outstanding during the year. For diluted per share computations, assumptions are made regarding potential common shares outstanding during the year. The weighted average number of common shares is increased to include the number of additional common shares that would be outstanding if, at the beginning of the year, or at time of issuance, if later, all options and warrants are exercised. Proceeds from exercise are used to purchase the Company's common shares at their average market price during the year, thereby reducing the weighted average number of common shares outstanding. If these computations prove to be anti-dilutive, diluted loss per share is the same as basic loss per share.

Income taxes

Income tax expense is comprised of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss/income.

Current taxes are recognized for the estimated income taxes payable or receivable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for taxable temporary differences arising on the initial recognition of goodwill and temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit or loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probably that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probably that future taxable profit will allow the deferred tax asset to be recovered.

Share based payments

The Company grants stock options to buy common shares of the Company to directors, officers, employees and service providers. The Company recognizes share-based compensation expense based on the estimated fair value of the options. A fair value measurement is made for each vesting installment within each option grant and is determined using the Black-Scholes option-pricing model. The fair value of the options is recognized over the vesting period of the options granted as both share-based compensation expense and reserves. This includes a forfeiture estimate, which is revised for actual forfeitures in subsequent periods. The reserves account is subsequently reduced if the options are exercised and the amount initially recorded is then credited to capital stock.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

4. SIGNIFICANT ACCOUNTING POLICIES (cont'd…)

Warrants issued in equity financing transactions

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. A unit comprises a certain number of common shares and a certain number of share purchase warrants. Depending on the terms and conditions of each equity financing agreement, the warrants are exercisable into additional common shares prior to expiry at price stipulated by the agreement. Warrants that are part of units are valued based on the residual value method and included in share capital with the common shares that were concurrently issued. Warrants that are issued as payment for an agency fee or other transactions costs are accounted for as share-based payments.

Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's equity that results from transactions and other events from other than the Company's shareholders and includes items that would not normally be included in net earnings, such as unrealized gains and losses on available-for-sale investments. Gains and losses that would otherwise be recorded as part of net earnings is presented in other "comprehensive income" until it is considered appropriate to recognize into net earnings. The Company's translation of its subsidiary (Tansmin) into Canadian dollars is the only item affecting comprehensive income (loss) for the years presented.

Future changes in accounting policies

The following new accounting standard has been issued, but is not yet effective:

IFRS 16, Leases

In January 2016, the IASB issued IFRS 16 Leases which replaces the previous leases standard, IAS 17 Leases. IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessors continue to classify lease as operating leases or finance leases, and account for those two types of leases differently. IFRS 16 is effective for periods beginning on or after January 1, 2019.

The eventual application of this standard is not expected to have significant impact on the Company's financial statements.

5. CAPITAL STOCK AND RESERVES

The authorized capital stock of the Company is unlimited common shares without par value.

The authorized preferred shares of the Company is unlimited preferred shares without par value.

There were no capital stock transactions during the year ended February 28, 2018.

On April 26, 2018, the Company consolidated its share capital on the basis of one post consolidated common share for every 30 pre-consolidated common shares. All common share and per common share amounts, including options and warrants, in these financial statements have been adjusted to give retroactive effect to the share consolidation.

On July 4, 2018 the Company completed a private placement offering of $629,994 based on the issuance of 6,999,932 units at a price of $0.09 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to acquire one common share at an exercise price of $0.12 until July 4, 2019. The Company paid finder's fees of $36,606 and legal and filing fees of $9,503.

5. CAPITAL STOCK AND RESERVES (cont'd…)

Warrants

There were no warrants outstanding as at February 28, 2018.

The following is a summary of warrants outstanding as at February 28, 2019:

	Number of Warrants	Weighted Average Exercise Price
Outstanding at February 28, 2019	6,999,932	$0.12

As at February 28, 2019, the Company had the following warrants outstanding:

Outstanding	Exercise Price	Expiry Date
6,999,932	$ 0.12	July 4, 2019

Stock options

The Company has established a stock option plan pursuant to which options to purchase common shares may be granted to certain officers, directors, and employees of the Company as well as persons providing ongoing services to the Company. The exercise price of options is to equal at least the market price of the Company's stock on the date of grant. Stock options are exercisable for a five-year term in accordance with TSX-V policy. The options vest at the discretion of the Board of Directors. The number of common shares reserved for issuance may not exceed 10% of the issued and outstanding common shares of the Company.

	Number of Stock Options	Weighted Average Exercise Price
Outstanding and exercisable at February 28, 2017	86,667	$ 1.50
Expired	(21,667)	1.50
Outstanding and exercisable at February 28, 2018	65,000	1.50
Expired	(50,833)	1.50
Outstanding and exercisable at February 28, 2019	14,167	$ 1.50

5. CAPITAL STOCK AND RESERVES (cont'd…)

Stock options (cont'd…)

At February 28, 2019 the following stock options were outstanding and exercisable:

Outstanding and Exercisable	Exercise Price	Remaining Contractual Life (years)	Expiry Date
14,167	$ 1.50	0.74	November 24, 2019

Share-based payments

The Company recognizes share-based payments expense for all stock options granted using the fair value based method of accounting. There were no stock options granted during the years ended February 28, 2018 or 2019.

6. RELATED PARTY TRANSACTIONS

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	For the year ended	
	February 28, 2019	**February 28, 2018**
Consulting and professional fees	$ 44,500	$ 99,000
	$ 44,500	$ 99,000

Other related parties

As at February 28, 2019, $2,176 (February 28, 2018, $74,955) was included in accounts payable due to the CEO and CFO of the Company. During the February 28, 2018 fiscal year, $190,250 owing to related parties were assigned to a third party.

As at February 28, 2017, $30,000 was included in due from related party and was due from American Helium Inc. (formerly Karoo Exploration Corp.) On March 9, 2017, the amounts owing from American Helium Inc. (formerly Karoo Exploration Corp.) were settled to a third party for $30,000.

7. CAPITAL MANAGEMENT

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and evaluation of exploration and evaluation assets. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In the management of capital, the Company considers components of shareholders' equity(deficiency).

Management reviews its capital management approach on an on-going basis and believes that this approach, given the relative size of the Company, is reasonable.

The Company is not subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the period.

8. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, and accounts payable. The carrying value of receivables and accounts payable approximate their fair values due to the short-term nature of these instruments.

The fair value hierarchy establishes three levels to classify the inputs to valuation techniques used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are quoted prices in markets that are not active, quoted prices for similar assets or liabilities in active markets, inputs other than quoted prices that are observable for the asset or liability (for example, interest rate and yield curves observable at commonly quoted intervals, forward pricing curves used to value currency and commodity contracts and volatility measurements used to value option contracts), or inputs that are derived principally from or corroborated by observable market data or other means. Level 3 inputs are unobservable (supported by little or no market activity). The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The Company's cash is measured using level 1 inputs.

As at February 28, 2019, the Company's risk exposures and the impact on the Company is financial instruments are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk as the majority of its cash is held at a large Canadian bank.

The Company's receivables consist mainly of input tax credits receivable from the Government of Canada, and as a result the Company does not believe it is subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at February 28, 2019, the Company had cash of $110,912 to settle current liabilities of $91,787. The Company's liquidity is dependent on its ability to obtain additional equity financing.

8. FINANCIAL INSTRUMENTS (cont'd…)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash balances and has no interest-bearing debt. The interest earned on cash is insignificant, and the Company does not rely on interest received to fund its operations. As a result, the Company is not subject to significant interest rate risk.

b) Currency risk

The Company's operations are in Canada and accordingly the Company is not subject to significant foreign currency risk.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

9. SEGMENTED INFORMATION

The Company primarily operates in one reportable operating segment, being the acquisition, exploration, and evaluation of resource properties.

10. INCOME TAXES

Following is a reconciliation of income taxes attributable to operations computed at the statutory tax rates to income tax recovery.

	February 28, 2019	February 28,2018
Loss for the year	$ (128,690)	$ (142,792)
Expected income tax recoverable at statutory rate	(34,746)	(38,554)
Change in statutory, foreign tax, and other	46,746	287,648
Change in unrecognized deductible temporary differences	(12,000)	(2,257,094)
Adjustment to prior years provision versus statutory tax return	-	(13,000)
Expiry of non-capital losses	-	2,021,000
Total income taxes	$ -	$ -

10. INCOME TAXES (cont'd…)

The significant unrecognized deductible temporary differences, unused tax losses and expiry dates are as follows:

	February 28, 2019		February 28, 2018	
Exploration and evaluation assets	$ 1,493,000	no expiry	$ 1,493,000	no expiry
Equipment	150,000	no expiry	158,000	no expiry
Allowable capital losses-Canada	15,000	no expiry	15,000	no expiry
Non-capital losses available for future periods-Tanzania	4,018,000	no expiry	4,231,000	no expiry
Non-capital losses available for future periods-Canada	588,000	2028 - 2039	460,000	2027 - 2038

Tax attributes are subject to review, and potential adjustment, by tax authorities.

11. PROPOSED TRANSACTION

The Company entered into a letter agreement dated November 2, 2018 with Jushi Inc. ("Jushi"). The letter agreement outlines the proposed terms and conditions pursuant to which the Company and Jushi will effect a business combination that will result in a reverse takeover of the Company by the security holders of Jushi.

Completion of the proposed transaction is subject to a number of conditions, including receipt of all necessary shareholder and regulatory approvals.

In connection with the proposed transaction, the Company will be required to, among other things: (i) change its name to a name requested by Jushi and acceptable to applicable regulatory authorities; (ii) consolidate its outstanding shares on a basis to be determined; (iii) replace all directors and officers of the Company on closing of the proposed transaction with nominees of Jushi; and (iv) create a new class of non-participating super voting shares.

12. SUBSEQUENT EVENT

On March 25, 2019, the Company sold its inactive wholly-owned subsidiary 0886940 B.C. Ltd. to a director of the Company for nominal consideration. Tansmin Resources (Tanzania) Limited is owned by 0886940 B.C. Ltd. and, accordingly, is also disposed of.

APPENDIX C

Condensed Interim Consolidated Financial Statements of Jushi Holdings Inc. and its Subsidiaries

JUSHI HOLDINGS INC. AND SUBSIDIARIES

CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2019,

Three Months Ended September 30, 2018 and For the Period from January 23, 2018 (inception date) to September 30, 2018

(Expressed in United States Dollars)

JUSHI HOLDINGS INC. AND SUBSIDIAIRIES
CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		September 30, 2019 (Unaudited)	December 31, 2018
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		$ 26,781,331	$ 38,113,861
Investment in trading securities	Note 4	1,263,167	1,233,228
Accounts receivable		156,338	261,748
Due from related party		68,500	263,729
Prepaid expenses and other current assets		7,530,173	353,494
Inventory	Note 6	2,548,283	-
Biological assets	Note 6	660,050	-
Short-term financial assets	Note 7	14,676,452	-
Deferred acquisition costs	Note 5	5,820,000	-
Total current assets		$ 59,504,294	$ 40,226,060
NON-CURRENT ASSETS:			
Long-term financial asset	Note 7	$ -	$ 5,454,252
Property, plant and equipment	Note 8	20,258,071	-
Other assets		1,202,128	413,250
Other intangible assets, net	Note 10	90,593,099	3,917,232
Goodwill, net	Note 10	13,812,253	170,000
Total other assets		$ 125,865,551	$ 9,954,734
Total assets		$ 185,369,845	$ 50,180,794
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Accounts payable		$ 2,004,263	$ 404,260
Accrued expenses		4,095,650	871,822
Short-term notes payable	Note 12	15,654,065	-
Short-term lease obligations	Note 11	1,153,178	-
Total current liabilities		$ 22,907,156	$ 1,276,082
LONG-TERM LIABILITIES:			
Other liabilities		173,908	$ -
Long-term notes payable	Note 12	10,021,685	-
Long-term lease obligations	Note 11	5,543,639	-
Redemption liability	Note 17	7,610,220	7,388,547
Total liabilities		$ 46,256,608	$ 8,664,629
COMMITMENTS AND CONTINGENCIES	Note 15,17		
EQUITY:			
Share capital and share reserves	Note 13,14	$ 160,999,955	$ 59,572,141
Accumulated deficit		(31,626,771)	(18,055,976)
Total Jushi stockholders' equity		$ 129,373,184	$ 41,516,165
Non-controlling interests		$ 9,740,053	-
Total equity		$ 139,113,237	$ 41,516,165
Total liabilities and equity		$ 185,369,845	$ 50,180,794

See accompanying notes to the condensed unaudited interim consolidated financial statements.

JUSHI HOLDINGS INC. AND SUBSIDIAIRIES
CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

		Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Period from January 23, 2018 (inception date) to September 30, 2018
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue		$ 3,588,233	$ 120,792	$ 4,195,311	$ 250,363
Cost of goods sold		2,066,153	-	2,078,586	-
Gross profit before fair value adjustments		$ 1,522,080	$ 120,792	$ 2,116,725	$ 250,363
Fair value adjustment on sale of inventory		-	-	-	-
Fair value adjustment on biological assets	Note 6	26,119	-	26,119	-
Gross profit		$ 1,548,199	$ 120,792	$ 2,142,844	$ 250,363
Operating expenses:					
General and administrative expenses	Note 3,16	$ 3,598,900	$ 1,710,369	$ 10,085,762	$ 2,989,650
Salaries, wages and employee benefits		3,995,377	561,708	9,441,982	1,081,660
Share-based compensation expense	Note 13,14	1,821,285	238,447	3,752,076	2,083,049
Acquisition and deal costs		29,618	30,299	2,509,528	144,099
Depreciation and amortization expense	Note 8,10	786,511	64,677	1,199,927	137,087
Total operating expenses		$ 10,231,691	$ 2,605,500	$ 26,989,275	$ 6,435,545
Loss from operations before other income (expense)		$ (8,683,492)	$ (2,484,708)	$ (24,846,431)	$ (6,185,182)
Other income (expense):					
Impairment of goodwill		$ -	$ -	$ -	$ (8,990,000)
Listing expense	Note 3	-	-	(1,359,971)	-
Interest income		59,643	210,043	166,135	685,843
Gain on financial asset	Note 7	9,222,200	-	9,222,200	-
Bad debt expense		-	-	(172,408)	-
Interest expense and finance charges		(1,039,196)	(55,250)	(1,243,796)	(55,250)
Other income (expense)		4,986,333	-	4,982,102	-
Total other income (expense)		$ 13,228,980	$ 154,793	$ 11,594,262	$ (8,359,407)
Net income (loss) and comprehensive income (loss) before tax		$ 4,545,488	$ (2,329,915)	$ (13,252,169)	$ (14,544,589)
Income tax expense		(389,171)	-	(389,171)	-
Net income (loss) and comprehensive income (loss) after tax		$ 4,156,317	$ (2,329,915)	$ (13,641,340)	$ (14,544,589)
Net loss attributable to non-controlling interests		(70,545)	-	(70,545)	-
Net income (loss) and comprehensive income (loss) attributable to Jushi stockholders - basic and diluted		$ 4,226,862	$ (2,329,915)	$ (13,570,795)	$ (14,544,589)
Income (loss) and comprehensive income (loss) per share - basic		$ 0.05	$ (0.05)	$ (0.18)	$ (0.56)
Weighted average shares outstanding - basic		93,238,354	46,243,281	75,598,787	25,991,805
Income (loss) and comprehensive income (loss) per share - diluted		$ 0.04	$ (0.05)	$ (0.18)	$ (0.56)
Weighted average shares outstanding - diluted	Note 2	110,039,102	46,243,281	75,598,787	25,991,805

See accompanying notes to the condensed unaudited interim consolidated financial statements.

JUSHI HOLDINGS, INC. AND SUBSIDIARIES

CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Number of Shares			Share Reserves					
	Super Voting Shares	Multiple voting Shares	Subordinate Voting Shares	Share- Based Payments	Warrants	Restricted Shares	Share Capital	Accumulated Deficit	Total Stockholders' Equity
Balances - January 23, 2018 (inception date)	-	-	-	$ -	$ -	$ -	$ -	$ -	$ -
Issuance of shares for cash	90,947	4,000,000	1,650,000	-	-	-	7,472,329	-	7,472,329
Issuance of shares as repayment to officers for capital contribution	58,053	-	-	-	-	-	2,902,671	-	2,902,671
Issuance of shares for financial asset	-	-	250,000	-	-	-	125,000	-	125,000
Issuance of shares for cash	-	-	35,194,281	-	-	-	40,002,349	-	40,002,349
Issuance of shares for TGSNH acquisition	-	-	5,000,000	-	-	-	5,000,000	-	5,000,000
Capital raising costs	-	-	-	-	-	-	(1,218,289)	-	(1,218,289)
Share-based payments	-	-	-	107,799	1,975,250	-	-	-	2,083,049
Net loss	-	-	-	-	-	-	-	(14,544,589)	(14,544,589)
Balances - September 30, 2018 (unaudited)	149,000	4,000,000	42,094,281	$ 107,799	$ 1,975,250	$ -	$ 54,284,060	$ (14,544,589)	$ 41,822,520

	Number of Shares			Share Reserves								
	Super Voting Shares	Multiple voting Shares	Subordinate Voting Shares	Share-Based Payments	Warrants	Restricted Shares	Share Capital	Other Share Capital	Accumulated Deficit	Total Jushi Stockholders' Equity	Non-Controlling Interests	Total Equity
Balances - December 31, 2018	149,000	4,000,000	44,094,281	$ 452,051	$ 1,869,792	$ 31,056	$ 57,219,242	$ -	$ (18,055,976)	$ 41,516,165	$ -	$ 41,516,165
Issuance of shares for cash	-	-	8,080,000	-	-	-	16,100,000	-	-	16,100,000	-	16,100,000
Subscriptions receipts	-	-	-	-	-	-	-	68,200,270	-	68,200,270	-	68,200,270
Shares issued on conversion of subscription receipts	-	-	24,800,098	-	-	-	68,200,270	(68,200,270)	-	-	-	-
Shares issuance - RTO	-	-	413,266	-	224,730	-	1,136,481	-	-	1,361,211	-	1,361,211
Capital raising costs	-	-	-	-	-	-	(4,781,597)	-	-	(4,781,597)	-	(4,781,597)
Shares issued upon exercise of stock options	-	-	1,444,371	(635,164)	-	-	877,400	-	-	242,236	-	242,236
Shares issued upon exercise of warrants	-	-	91,832	-	(67,093)	-	394,209	-	-	327,116	-	327,116
Restricted stock grants	-	-	4,800,015	-	-	1,287,588	-	-	-	1,287,588	-	1,287,588
Share-based payments	-	-	-	1,816,464	648,024	-	-	-	-	2,464,488	-	2,464,488
Issuance of shares for acquisitions	-	-	7,735,442	-	406,887	-	15,819,615	-	-	16,226,502	-	16,226,502
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	-	9,810,598	9,810,598
Net loss	-	-	-	-	-	-	-	-	(13,570,795)	(13,570,795)	(70,545)	(13,641,340)
Balances - September 30, 2019 (unaudited)	149,000	4,000,000	91,459,305	$ 1,633,351	$ 3,082,340	$ 1,318,644	$ 154,965,620	$ -	$ (31,626,771)	$ 129,373,184	$ 9,740,053	$ 139,113,237

See accompanying notes to the condensed unaudited interim consolidated financial statements.

JUSHI HOLDINGS INC. AND SUBSIDIAIRIES

CONDENSED UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30,2019 (unaudited)	For the Period from January 23, 2018 (inception date) to September 30, 2018 (unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (13,641,340)	$ (14,544,589)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	$ 1,199,927	$ 137,087
Share-based payments	3,752,076	2,083,049
Non-cash listing expense	1,361,211	-
Gain on financial assets	(9,222,200)	
Impairment of goodwill	-	8,990,000
Finance charge on lease liabilities	299,035	-
Non-cash interest	96,589	(271,841)
Change in present value of redemption liability	221,673	41,038
Change in fair value of biological assets	(26,119)	-
Change in fair value of investments	(29,939)	-
Bad debt expense	172,408	-
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	$ 105,410	$ (332,688)
Due from related party	22,821	93,899
Prepaid expenses and other current assets	(6,919,782)	(29,505)
Inventory and biological assets	(1,758,513)	-
Other assets	(646,171)	-
Other long term liabilities	(380,227)	-
Accounts payable and accrued expenses	3,294,324	1,223,825
Net cash flows used in operating activities	$ (22,098,817)	$ (2,609,725)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for acquisitions, net of cash acquired	$ (46,966,796)	$ -
Payments for deferred acquisition costs	(4,270,000)	-
Purchases of property, plant and equipment	(6,949,173)	-
Cash acquired in acquisition of TGSNH	-	12,568
Investment in trading securities	-	(226,589)
Investment in financial asset	-	(5,004,251)
Proceeds from notes receivable	-	5,728,034
Investment in notes receivable	(100,000)	(3,953,522)
Net cash flows used in investing activities	$ (58,285,969)	$ (3,443,760)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of Class B Common Stock for cash, net	79,518,673	39,071,634
Issuance of Common Stock for cash, net	-	7,289,753
Payments on note payable	(10,602,498)	(1,989,000)
Payments on lease obligations	(433,271)	-
Proceeds from exercise of share-based compensation	569,352	-
Net cash flows provided by financing activities	$ 69,052,256	$ 44,372,387
NET CHANGE IN CASH	$ (11,332,530)	$ 38,318,902
CASH, BEGINNING OF PERIOD	38,113,861	-
CASH, END OF PERIOD	$ 26,781,331	$ 38,318,902
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ 625,183	$ -
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Right of use assets from lease liabilities upon adoption of IFRS 16	$ 614,074	$ -
Right of use assets from lease liabilities	$ 3,151,676	$ -
Accrual for development of intangible assets	$ 439,552	$ -
Accrued capital expenditures	$ 278,016	$ -
Note obligations incurred for acquisitions	$ 36,278,248	$ -
Redemption liability incurred from acquisition	$ -	$ 7,296,568
Exchange of due from related party for note receivable	$ -	$ 1,992,550
License acquired, non-controlling interest	$ 9,747,228	$ -

See accompanying notes to the condensed unaudited interim consolidated financial statements.

1. NATURE OF OPERATIONS

Jushi Holdings Inc. (the "Company" or "Jushi"), formerly known as Tanzania Minerals Corp. ("Tanzania"), was incorporated under the British Columbia's Business Corporations Act ("BCBCA"), primarily 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's strategic approach to its business has been to target large adult-use markets such as California, Colorado and Nevada, as well as limited license medical markets such as Illinois, New York, Ohio, Pennsylvania, and Virginia.

Jushi either purchases controlling interests in existing licenses or applies for licenses directly. Jushi, through its subsidiaries, currently owns or manages cannabis operations and/or holds licenses in the adult use and/or medicinal cannabis marketplace in Pennsylvania, Nevada, Virginia and the Midwest with ongoing expansion and build-out plans in these jurisdictions as well as California. Jushi has rights to or has purchased controlling interests in existing licenses as well as made applications for licenses directly. Jushi has adopted or purchased controlling interests in existing licenses as well as made applications for licenses directly.

Jushi's hemp initiative targets Nevada, Florida, and New York for purposes of the cultivation, extraction, and processing of hemp-derived cannabidiol ("CBD"). Jushi is also pursuing development of physician formulated consumer CBD products for retail.

In June 2019, Jushi Inc, completed a reverse takeover ("RTO") of Tanzania. The RTO was structured as a series of transactions, including a Canadian three-cornered amalgamation. Prior to the RTO, Jushi Acquisition Corp., a special purpose corporation, completed a private placement. Refer to Note 3. "Reverse Takeover and Private Placement" for further information. Following the RTO, the Company's subordinate voting shares ("SVS") were listed on the NEO Exchange Inc. ("NEO") under the symbol JUSH-B. The Company's SVS are also traded on the OTCQX under the symbol JUSHF.

The Company's registered office is Suite 1700, Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2X8.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The condensed unaudited interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee ("IFRIC") in effect for the nine months ended September 30, 2019.

The condensed unaudited interim consolidated financial statements for the three and nine months ended September 30, 2019, the three months ended September 30, 2018 and for the period from January 23, 2018 (inception date) to September 30, 2018, have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The condensed unaudited interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual consolidated financial statements as of December 31, 2018.

These condensed unaudited interim consolidated financial statements have been prepared in U.S dollars on the going concern basis under the historical cost convention, except for certain financial instruments which are measured at fair value.

Except as described below and elsewhere within this document, the accounting policies applied in these condensed unaudited interim consolidated financial statements are the same as those applied in the last annual financial statements of Jushi Inc. as of December 31, 2018 and for the period from January 23, 2018 (inception date) to December 31, 2018. Where necessary, certain prior period data has been reclassified to conform to current period presentation. Salaries, wages and employee benefits, and acquisition and deal costs have been separately presented in the condensed unaudited interim consolidated statements of operations in the current period, whereas in prior periods these amounts were presented within general and administrative expenses.

These condensed unaudited interim consolidated financial statements were approved by the Board of Directors on November 14, 2019.

(b) Basis of Consolidation

These condensed unaudited interim consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries and entities over which the Company has control as defined in IFRS 10 *Consolidated Financial Statements*. Subsidiaries over which the Company has control are fully consolidated from the date control commences until the date control ceases. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, potential voting rights that are currently exercisable are taken into account. All intercompany balances and transactions are eliminated on consolidation.

The following are the Company's subsidiaries that are included in these condensed unaudited interim consolidated financial statements as of September 30, 2019:

NAME [1]	STATE OF INCORPORATION	OWNERSHIP PERCENTAGE
JUSHI INC	Delaware	100%
Bear Flag Assets, LLC	California	100%
JCVCA, LLC *and its Subsidiary*	California	100%
TGS National Holdings, LLC *and its Subsidiaries*	Colorado	51%
Jushi IP, LLC	Delaware	100%
JREH, LLC *and its Subsidiaries*	Delaware	100%
Mend Products, LLC	Delaware	100%
Sound Wellness Holdings, Inc. *and its Subsidiaries*	Delaware	100%
JMGT, LLC	Florida	100%
Production Excellence, LLC	Nevada	100%
Jushi Ampal NJ, LLC	New Jersey	75%
Jushi OH, LLC	Ohio	100%
Franklin Bioscience - Penn LLC *and its Subsidiaries*	Pennsylvania	100%
Jushi VA, LLC	Virginia	100%
Dalitso, LLC	Virginia	61.765%

[1] *The Company also consolidates a Midwest Provisional License Holder, of which it has a 0% ownership percentage, since the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.*

(c) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's condensed unaudited interim consolidated financial statements 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. Significant judgements, estimates, and assumptions within these unaudited condensed unaudited interim consolidated financial statements, unless stated herein, remain the same as those applied to the annual consolidated financial statements for the year ended December 31, 2018. In addition, refer to "New Standards Adopted in Current Year – Leases" and "Inventory and Biological Assets" below, Note 7. "Financial Asset" and Note 6. "Inventory and Biological Assets".

(d) Policies Adopted in Current Year

Basic and diluted earnings (loss) per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the respective periods presented. Diluted earnings (loss) per share is calculated using the weighted average number of common shares that would have been outstanding during the respective period had all dilutive potential common shares outstanding at period-end been converted into shares at the beginning of the period and the proceeds used to repurchase the Company's common shares at the average market price for the period. If these computations prove to be anti-dilutive, diluted earnings (loss) per share is the same as basic earnings (loss) per share. Dilutive potential shares of common stock consist of incremental shares of common stock issuable upon exercise of stock options and warrants. Dilutive common stock equivalents included in the computation of diluted net income per share for the three months ended September 30, 2019 totaled 769,613 for employee stock options and 16,031,134 for warrants, respectively. The dilutive common stock equivalents for the warrants were calculated on an as-converted basis. The basic weighted average number of common shares does not include shares on an as-converted basis. No dilutive potential shares of common stock were included in the computation of diluted net loss per share for the for the nine months ended September 30, 2019 or for comparative periods in 2018, because their impact was anti-dilutive.

Property, Plant and Equipment

Property, plant, and equipment ("PP&E") are stated at cost, less accumulated depreciation and are depreciated using the straight-line method over their estimated useful lives. Cost includes expenditures that are directly attributable to the acquisition of the asset.

PP&E are depreciated from the date of acquisition or at the date they become available for use, if these dates differ. Internally constructed assets are depreciated from the date the asset is available for use. Land has an unlimited useful life and is, therefore, not depreciated.

The useful life and depreciation method applied to each class of assets are reassessed at each reporting date. The useful lives applicable to each class of asset are as follows:

- Buildings and building components: 30 – 40 years
- Computer equipment: 3 years
- Leasehold improvements: Over the life of the improvement or the life of the lease, whichever is shorter
- Furniture and fixtures: 3 – 10 years
- Machinery and equipment: 5 years

On an annual basis, the Company reviews the carrying amounts of its PP&E to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating business unit to which the asset belongs. An asset's cash-generating unit is the smallest group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Where an impairment loss subsequently reverses for assets with a finite useful life, the carrying amount is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior periods. A reversal of an impairment loss is immediately recognized in comprehensive income. To date, the Company has recognized no impairments on its PP&E.

Capitalization of Internally Generated Intangible Assets

The Company capitalizes expenditures on the development phase of an internal project when all of the following criteria are met:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete the intangible asset to use it or sell it;
- its ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- its ability to measure the expenditure attributable to the intangible asset reliably during its development.

Inventory and Biological Assets

Inventories of purchased finished goods, supplies, consumables, and products for resale are valued at the lower of cost and net realizable value. Inventories of harvested cannabis are transferred from biological assets at their fair value less costs to sell at harvest which becomes the deemed cost. Any subsequent post-harvest costs are capitalized to inventory to the extent that the cost is less than net realizable value. Subsequent costs also include costs such as materials, labour and depreciation expense on equipment involved in packaging, labeling and inspection. All direct and indirect costs related to inventory are capitalized as they are incurred and they are subsequently recorded

within 'cost of goods sold' on the statements of operations at the time of sale, except for realized fair value amounts included in inventory sold which are recorded as a separate line on the face of the statements of operations. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the average cost basis. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventory are written down to net realizable value.

The valuation of biological assets at the point of harvest is the cost basis for all cannabis-based inventory and thus any critical estimates and judgements related to the valuation of biological assets are also applicable for inventory. The valuation of work-in-process and finished goods also requires the estimate of conversion costs incurred, which become part of the carrying amount for the inventory. The Company must also determine if the cost of any inventory exceeds its net realizable value, such as cases where prices have decreased, or inventory has spoiled or has otherwise been damaged. All direct and indirect costs of biological assets are capitalized as they are incurred, and they are all subsequently recorded within the line item 'cost of goods sold' on the statements of operations in the period that the related product is sold. Unrealized fair value gains/losses on growth of biological assets are recorded in a separate line on the face of the statement of operations. Biological assets are measured at their fair value less costs to sell on the balance sheet. Refer to Note 6. "Inventory and Biological Assets" for additional information.

(e) New Standards Adopted in Current Year

Leases

(i) Accounting Policy

In January 2016, the IASB issued IFRS 16, *Leases ("IFRS 16")* replaces IAS 17, *Leases*. This standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

At commencement of a contract, the Company assesses whether a contract is, or contains, a lease by determining whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A ROU asset and lease liability is recognized at the lease commencement date. The lease liability is initially measured at the present value of all future lease payments that have not been paid as of the commencement date of the lease, discounted using the Company's incremental borrowing rate, in the absence of a readily identifiable rate of interest implicit to the lease.

The ROU asset is initially measured at cost, which is calculated as the initial amount of the lease liability, with an adjustment for any initial direct costs incurred, plus adjustments for any lease payments made in advance of the commencement date, and less any lease incentives received. Subsequent to initial recognition, the ROU asset is depreciated on a straight-line basis over the term of the lease, with inclusion for any options to extend that the Company reasonably expects to exercise. ROU assets are tested for impairment in accordance with IAS 36 *Impairment of assets*.

The right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is remeasured when there is a change in future lease payments resulting from a change in index or rate or if the Company changes its assessment of whether it will exercise an option to extend, purchase or terminate.

Should the corresponding right-of-use asset be reduced to zero when the lease liability is remeasured, the adjustment would be recorded through profit or loss.

The lease liability is subsequently measured at amortized cost using the effective interest method whereby the balance is increased by interest expense and decreased by lease payments. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

The Company has exercised judgment to determine both the applicable discount rate as well as the lease term for lease contracts that contain renewal options. The discount rate used is based on the Company's incremental borrowing rate and is risk-adjusted based on a variety of factors, such as location and planned use. The assessment of whether the Company is reasonably certain to exercise renewal options impacts the lease term, which directly affects the amount of right-of-use assets and lease liabilities recognized.

The Company has included the carrying value of ROU assets under property, plant, and equipment on the statement of financial position as of September 30, 2019.

(ii) Impact of Transition to IFRS 16

The Company previously classified leases as either operating or finance leases from the perspective of the lessee. Under IFRS 16, the Company recognizes right-of-use assets and lease liabilities for most leases. The Company adopted IFRS 16 using the modified retrospective cumulative catch-up approach beginning on January 1, 2019. Under this approach, the Company did not restate its comparative amounts and recognized a right-of- use asset equal to the present value of the future lease payments.

The Company also used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Accounted for short-term leases for which the lease terms end within 12 months of the date of the initial application as short-term leases;
- Excluded initial direct costs from measuring the ROU assets at the date of initial application;
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- Applied a single discount rate to the existing lease; and
- Applied IFRS 16 to contracts that were previously not identified as leases and did not reassess whether a contract is, or contains, a lease at the date of initial application.

When measuring lease liabilities, the Company discounted the lease payments using its

incremental borrowing rate as of January 1, 2019. The Company's weighted-average incremental borrowing rate was 15% based on the underlying locations and asset class related risks.

The following table reconciles the Company's operating lease obligations as at December 31, 2018, as previously disclosed in the Company's annual consolidated financial statements, to the lease obligation recognized on initial application of IFRS 16 at January 1, 2019:

Reconciliation - IAS 17 to IFRS 16

Operating lease commitments as at December 31, 2018	$ 1,055,136
Gross lease liability for lease in service at January 1, 2019	$ 870,000
Gross lease liability for lease not available for use at January 1, 2019 (1)	185,136
Discounting for lease in service in January 1, 2019	(255,926)
Present value of IFRS 16 lease liabilities at January 1, 2019	$ 614,074

(1) represents a lease not available for use as of January 1, 2019 and presented to reconcile the difference between lease commitments as at December 31, 2018 to the present value of IFRS 16 lease liabilities at January 1, 2019.

IFRS 3, *Business Combinations* ("*IFRS 3*"), as amended.

In October 2018, the IASB issued amendments to the guidance in IFRS 3, *Business Combinations* ("*IFRS 3*"). The amendments revise the definition of a business and provide a new framework to evaluate when an input and a substantive process are present. To be considered a business without outputs, an organized workforce must be present. In addition, the definition of the term outputs is narrowed to focus on goods and services provided to customers, generating investment income and other income, and it excludes returns in the form of lower cost and other economic benefits. An entity can apply a concentration test that, if met, eliminates the need for further assessment. Under this optional test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset, the assets acquired would not represent a business. The amendments are effective for business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after January 1, 2020 and early application is permitted. The Company has early adopted the guidance included in the amendment as of April 1, 2019 and has the option to elect to apply the guidance in this amendment. Refer to Note 5. "Acquisitions and Other Significant Transactions" for additional information.

IFRIC 23, *Uncertainty over Income Tax Treatments ("IFRIC 23")*

IFRIC 23 clarifies how to apply the recognition and measurement requirements in IAS 12, Income Taxes, when there is uncertainty regarding income tax treatments. The Interpretation addresses whether an entity needs to consider uncertain tax treatments separately, the assumptions an entity should make about the examination of tax treatments by taxation authorities, and how an entity considers changes in facts and circumstances in such determinations. The adoption of IFRIC 23 did not have an impact on the Company's consolidated financial statements as at the effective date of adoption.

3. REVERSE TAKEOVER AND PRIVATE PLACEMENT

As discussed in Note 1. "Nature of Operations", the Company completed its previously announced RTO with Tanzania.

In connection with the RTO, Tanzania (i) completed a consolidation of its common shares on the basis of one post-consolidation subordinate voting share for 22.75711 issued and outstanding pre-consolidation Tanzania Shares; (ii) amended the rights and restrictions of the existing class of common shares and re-designating such class as Subordinate Voting Shares, deleted the existing class of preferred shares and created a new class of Multiple Voting Shares and a new class of Super Voting Shares, such that an unlimited number of each class of shares are authorized to be issued without par value; and (iii) 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 (each, a "Subscription Receipt") at a price of $2.75 per Subscription Receipt for aggregate gross proceeds of $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. Refer to Note 12. "Stockholder's Equity" for additional information.

After the completion of the RTO (including the conversion of the Subscription Receipts ("SR") issued under the SR Offering into Subordinate Voting Shares, which occurred prior to the closing of the RTO), there were 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; and (b) the holders of Jushi Inc shares (including from the conversion of the Subscription Receipts to Jushi Acquisition Shares) 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 Inc, Jushi Merger Sub, Inc. ("Merger Sub") and the Company entered into a merger agreement in respect of a merger of Jushi Inc with Merger Sub, whereby the shareholders of Jushi Inc 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 Inc.

The Subordinate Voting Shares began trading on the NEO Exchange Inc. on June 10, 2019, under the symbol "JUSH.B".

For accounting purposes, the transaction was accounted for as a capital transaction under IFRS 2, "*Share-Based Payment*". The Amalgamation was accounted for as an RTO transaction that was not a business combination and effectively a capital transaction of Jushi Inc. Jushi Inc has been treated as the accounting acquirer (legal subsidiary) and Jushi Holdings Inc. has been treated as the accounting acquiree (legal parent) in these condensed unaudited interim consolidated financial statements. As Jushi Inc was deemed to be the acquirer for accounting purposes, the condensed unaudited interim consolidated financial statements are presented as a continuation of Jushi Inc.

In accordance with IFRS 2, the amount assigned to the reverse acquisition transaction costs in the condensed unaudited interim consolidated statements of operations and comprehensive income (loss) is $1,359,971, being the difference between the estimated fair value of the Company's shares prior to the RTO, less the fair value of the net assets of Tanzania acquired (approximately $1,000 in cash). The fair value of the Company's shares prior to the RTO of $1,361,211 is based on the per share trading price of the Company. This amount is presented under listing expense in our condensed unaudited interim consolidated statements of operations and comprehensive loss for the nine months ended September 30, 2019. Cash-based fees related to the RTO totaled $4,612,427 for the nine-months ended September 30, 2019 and are included in listing expense and operating expenses in the condensed unaudited interim consolidated statements of operations and comprehensive income (loss).

These condensed unaudited interim consolidated financial statements as of September 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. Tanzania has no remaining net assets as of September 30, 2019.

4. INVESTMENT IN TRADING SECURITIES

Trading securities represent investments in mutual funds, which were valued at $1,263,167 as of September 30, 2019. The Company has designated its trading securities as fair value through profit or loss and recognized $29,939 in interest income in the condensed unaudited interim consolidated statements of operations and comprehensive income (loss) for the nine months ended September 30, 2019. Fair values have been determined based on quoted market prices.

5. DEFERRED ACQUISITION COSTS

The Company makes advance payments and deposits to certain acquisition targets for which the transfer is pending closing conditions inclusive of certain regulatory approvals prior to the acquisition date. Advance payments and deposits for certain acquisition targets are reflected as arm's length transactions and are generally not refundable.

At September 30, 2019 and December 31, 2018, the Company had the following deferred acquisition costs and deposits, which are expected to be offset against the consideration payable for the related future purchases:

Acquisition Target	September 30, 2019	December 31, 2018
a) GSGSB	$ 2,250,000	$ -
b) Agape	70,000	50,000
c) Midwest Provisionally Licensed Holder	3,500,000	-
	$ 5,820,000	$ 50,000

a) GSG SBCA, Inc.

In February 2019, the Company entered into a binding term sheet to acquire (i) 100% of GSG SBCA, Inc. ("GSGSB"), subject to the fulfillment of certain conditions, and (ii) the contract to purchase the associated real estate. The owners of GSGSB did not own the associated real estate. GSGSB has the right to operate one of only three adult use cannabis dispensaries in the City of Santa Barbara, California. The Company's acquisition of the real estate closed on March 3, 2019.

Refer to Note 8. "Property, Plant and Equipment" for additional information. An escrow account was established to hold funds on behalf of the Company and GSGSB in accordance with a securities purchase agreement dated March 3, 2019, in the amount of $2,250,000 that will be applied against the purchase price. It is expected that the closing of the GSGSB acquisition will occur in the first quarter of 2020, subject to receipt of applicable regulatory approvals.

b) Agape Total Health Care Inc

Agape Total Health Care Inc. ("Agape") received a provisional dispensary permit in Round II from the Pennsylvania Department of Health and plans to open three dispensaries to sell medical cannabis. The Company has entered into definitive documents to purchase a majority stake in Agape subject to applicable regulatory approval. It is expected that closing of the acquisition will occur in the fourth quarter of 2019. The Company has advanced $70,000 as of September 30, 2019 that will be applied against the purchase price.

c) Provisional Licensed Medical Marijuana Processor in the Midwest U.S.

On June 27, 2019, the Company entered into a definitive agreement with a provisionally licensed medical marijuana processor ("Provisionally Licensed Holder") in the Midwest U.S. to acquire 100% of the voting and economic interest of the Provisionally Licensed Holder. Concurrently, the parties also entered into a management services agreement whereby the Company will provide ongoing management and consulting services to the Provisionally Licensed Holder. The Company consolidates the Provisionally Licensed Holder, since the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Provisionally Licensed Holder does not currently have any business operations. Total consideration paid on signing was $2,000,000 in cash and $1,500,000 in 18-month secured sellers' notes ("Sellers' Notes"). Refer to Notes 12. "Notes Payable" for further details. Upon issuance of the license, and closing of the transaction, the Company will receive 100% of the voting units of the Provisionally Licensed Holder in exchange for $100.00 and the acceleration of all outstanding principal and interest due under the Sellers' Notes. It is expected that the closing of the transaction will occur in the third quarter of 2020, upon which the Company will apply the total consideration of $3,500,000 against the purchase price.

6. INVENTORY AND BIOLOGICAL ASSETS

Inventory

Inventory consisted of the following:

Work in progress and raw materials	$	1,151,420
Finished goods		1,396,863
Total inventory	$	2,548,283

At September 30, 2019, raw materials and work in process included supplies and harvested cannabis, and finished goods consisted of cultivation inventory transferred from work in progress and purchased from third parties, as well as retail supplies, consumables, and products for resale. Inventory expensed for both the three and nine months ended September 30, 2019 included in cost of goods sold was $1.8 million.

Biological Assets

As of September 30, 2019, the carrying amount of biological assets was $660,050. The Company measures its biological assets at their fair value less costs to sell. This is determined using a model which estimates the expected harvest yield in grams for plants currently being cultivated, and then adjusts that amount for the expected selling price per gram. The following unobservable inputs, all of which are classified as Level 3 on the fair value hierarchy (Refer to Note 17. "Financial Instruments and Financial Risk Management"), were used by management as part of the biological asset models:

- Yield per plant – represents the expected number of grams of dry cannabis expected to be harvested from each plant.
- Selling price – determined using a combination of third-party cannabis spot price reports in addition to wholesale contract prices where applicable which, combined, are expected to approximate selling prices
- Stage of growth – represents the weighted average number of days remaining in cultivation prior to harvest.
- Wastage – represents the percentage of biological assets which are expected to fail to mature into cannabis plants that can be harvested.
- Post-harvest costs – calculated as the cost per gram of harvested cannabis to complete the sale of cannabis plants post-harvest, consisting of the cost of direct and indirect materials and labor related to labelling and packaging.

Biological assets as of September 30, 2019 are related to the FBS NV acquisition. The following table quantifies the significant unobservable inputs, and also provides the impact of a 10% increase or decrease to each input on the calculation of the fair value of biological assets.

	September 30, 2019	10% Change as at September 30, 2019
Selling price	$2.50	$76,750
Stage of growth	10 weeks	$25,836
Yield by plant	100 grams	$39.82
Wastage	4%	$1,659
Post-harvest costs	$0.35	$10.745

The Company accretes fair value on a straight-line basis according to stage of growth. As a result, a cannabis plant that is 50% grown through its average 21-week growing cycle would be ascribed approximately 50% of its harvest date expected fair value (subject to wastage adjustments).

7. FINANCIAL ASSET

During 2018, the Company made purchases of equity for cash totaling $5,454,252 representing a 16.5% stake in Gloucester Street Capital, LLC ("GSC"), the parent company of New York state licensed cannabis operator Valley Agriculturals, LLC. Cresco Labs Inc. ("Cresco") received regulatory approval to acquired GSC in the third quarter of 2019.

For the three and nine months ended September 30, 2019, Jushi realized a gain on investment of $9,222,200 which was estimated based on the terms of the sale to Cresco which was completed in early

October 2019. Refer to Note 18. "Subsequent Events". The gain is included in gain on financial asset in the condensed unaudited interim consolidated statements of operations and comprehensive income (loss). The value of the financial asset(s) at September 30, 2019 and December 31, 2018 was $14,676,452 and $5,454,252, respectively, and was reflected within short-term financial assets and long-term financial asset, respectively.

8. PROPERTY, PLANT AND EQUIPMENT

A reconciliation of the beginning and ending balances of capital assets and accumulated depreciation during the nine months ended September 30, 2019 is as follows:

	Buildings and Improvements	Land	Leasehold Improvements	Machinery and Equipment	Computer Equipment	Furniture and Fixtures	ROU Assets (1)	Construction in Progress (2)	Total
Cost									
Balance, January 1,2019	$ -	$ -	$ -	$ -	$ -	$ -	$ 614,074	$ -	$ 614,074
Additions from capital expenditures and leases	2,347,320	1,363,285	984,087	-	222,657	292,436	3,151,676	1,642,261	10,003,721
Additions from acquisitions	1,267,070	250,948	4,159,192	260,934	82,730	660,912	3,014,363	425,479	10,121,629
Balance, September 30,2019	$ 3,614,390	$ 1,614,233	$ 5,143,279	$ 260,934	$ 305,387	$ 953,348	$ 6,780,113	$ 2,067,740	$ 20,739,424
Accumulated Depreciation									
Balance, January 1,2019	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Expense	(59,000)	-	(87,469)	(27,309)	(33,553)	(48,173)	(225,849)	-	(481,353)
Balance, September 30,2019	$ (59,000)	$ -	$ (87,469)	$ (27,309)	$ (33,553)	$ (48,173)	$ (225,849)	$ -	$ (481,353)
Carrying amount									
At December 31,2018	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
At September 30,2019	$ 3,555,390	$ 1,614,233	$ 5,055,810	$ 233,625	$ 271,834	$ 905,175	$ 6,554,264	$ 2,067,740	$ 20,258,071

(1) A right-of-use asset of $614,074 was recognized at January 1, 2019 in connection with the adoption of IFRS 16. Refer to Note 2. "Summary of Significant Accounting Policies" for further information. Substantially all of the Company's ROU assets pertain to building leases. The Company has ROU assets ranging in term from 2 years to 20 years. Refer to Note 11. "Lease Liability" for further details on lease obligations.

(2) Construction in Progress primarily represents assets under construction related to building and leasehold improvements in process for buildings acquired during the nine months ended September 30, 2019 not yet completed or otherwise not ready for use.

The Company's land and buildings are not considered investment properties nor held for capital appreciation. A summary of building and land additions completed for the nine months ended September 30, 2019 is as follows:

(i) In January 2019, the Company purchased a commercial property in Reading, Pennsylvania for approximately $201,000. The Company agreed to develop and lease the property to a provisional dispensary permit holder. As of September 30, 2019, the Company has incurred approximately $530,000 to develop the purchased commercial property. The property is still under development and is not yet occupied.

(ii) In March 2019, the Company purchased a commercial property located in Santa Barbara, California for approximately $3,146,000. The property includes a building with suitable retail

space of approximately 3,900 square feet. The Company agreed to develop and lease a portion of the property to GSG SBCA, Inc. As of September 30, 2019, the Company had incurred approximately $94,000 to develop the purchased commercial property. The property is still under development and is not yet occupied.

(iii) In March 2019, the Company purchased a commercial property in Pottsville, Pennsylvania for approximately $364,000. The Company agreed to develop and lease the property to a provisional dispensary permit holder. As of September 30, 2019, the Company had incurred approximately $357,000 to develop the purchased commercial property. The property is still under development and is not yet occupied.

In July 2019, Jushi completed the purchase of the real estate associated with the Franklin Bioscience NV, LLC ("FBS NV") facility in North Las Vegas, Nevada, from Farman, LLC, a related party of FBS NV. The facilities acquired include two adjacent buildings with cultivation, manufacturing and distribution capabilities. The buildings may be combined and expanded further. Refer to Note 9. "Acquisitions" for further information on FBS NV.

Total depreciation expense for the three and nine months ended September 30, 2019 was $307,230 and $481,353, respectively, and for the period from January 23, 2018 (inception date) to September 30, 2018 was $nil. Of the total expense, none was allocated to inventory during both the nine months ended September 30, 2019 and during the period from January 23, 2018 (inception date) to September 30, 2018.

9. ACQUISITIONS

Business Combinations

Franklin BioScience Penn, LLC

On July 10, 2019, the Company acquired 100% of the equity interests of Franklin BioScience - Penn, LLC and its subsidiaries ("FBS Penn"). The aggregate purchase price was approximately $67 million, subject to working capital and other adjustments, and is payable by: (i) $28 million in cash (in addition to which a $4 million advanced payment was paid in the second quarter of 2019); (ii) $28.1 million by way of certain 10% secured convertible notes due to the sellers (Refer to Note 12. "Notes Payable"); and (iii) the issuance of approximately 3.38 million Subordinate Voting Shares to the sellers, of which 1,500,000 shares were issued subject to certain escrow provisions and will be released from escrow to the registered holders on the six-month anniversary of the acquisition. The option to convert the 10% secured convertible notes due to sellers expired on September 30, 2019. In addition, in March 2019, and under the terms of a letter of intent allowing the Company to negotiate definitive documents with FBS Penn, the Company made an exclusivity payment of $1,000,000 to FBS Penn. The $1,000,000 amount was to be used for bona fide business expenses and not to be applied against the purchase price.

FSB Penn holds one Phase I and three Phase II dispensary permits issued by the Pennsylvania Department of Health's Medical Marijuana Program allowing for 12 medical marijuana dispensaries in the Commonwealth of Pennsylvania. The existing retail dispensary brand, "Beyond/Hello", has five operational dispensaries located in Philadelphia, Bristol, Johnstown, and Scranton. Jushi indirectly acquired the "Beyond/Hello" brand and related intellectual property as

part of its acquisition of FBS Penn.

The following table summarizes the preliminary purchase price allocation and the total fair value of the consideration:

Cash and cash equivalents	$	3,885,911
Prepaids		9,000
Inventory		379,909
Property, plant and equipment		6,947,472
Intangible assets		46,010,000
Other non-current assets		108,438
Total assets	$	57,340,730
Accounts payable and accrued liabilities		(522,146)
Lease liabilities		(3,065,304)
Total liabilities	$	(3,587,450)
Net assets acquired	$	53,753,280
Consideration paid in cash		31,999,463
Consideration paid in notes		28,122,000
Consideration paid in shares		6,981,990
Total consideration	$	67,103,453
Goodwill	$	13,350,173

The consideration has been allocated to the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition and remains preliminary as of September 30, 2019. The goodwill recognized from the acquisition is attributable to synergies expected from integrating FBS Penn into the Company's existing business. The goodwill acquired is not deductible for tax purposes.

Franklin BioScience NV, LLC

In July 2019, the Company entered into a purchase agreement to acquire 100% equity ownership of Franklin BioScience NV, LLC ("FBS NV"), subject to state and local approvals, pending which it has entered into a management services agreement. Subsequently in July 2019, the Company received local City of North Las Vegas authorization to enter the greater Las Vegas, Nevada market under the management services agreement with FBS NV. FBS NV holds medical and adult use cannabis cultivation, processing and distribution licenses issued by the Nevada Department of Taxation and currently operates cultivation and production facilities in North Las Vegas, Nevada. An application for change of ownership has been submitted with the State of Nevada Department of Taxation and is pending. The closing of the equity acquisition is subject to receipt of applicable regulatory approvals.

As consideration for the acquisition, the Company paid for FBS NV's licenses and related real estate for an aggregate purchase price of $9.3 million in a combination of $6.7 million in cash and $2.6 million in promissory and other notes. Refer to Note 12. "Notes Payable". The Company consolidates FBS NV, of which it has a 0% ownership percentage, since the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The following table summarizes the preliminary purchase price allocation and the total fair value of the consideration:

Cash and cash equivalents	$	50,014
Accounts receivable and other current assets		64,811
Inventory		1,043,792
Property, plant and equipment		1,327,459
Intangible assets		5,550,000
Total assets	$	8,036,076
Accounts payable and other liabilities	$	(293,729)
Intercompany note		(192,279)
Total liabilities	$	(486,008)
Net assets acquired	$	7,550,068
Consideration paid in cash	$	5,592,149
Consideration paid in notes		2,250,000
Total consideration	$	7,842,149
Goodwill	$	292,081

The consideration has been allocated to the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition and remains preliminary as of September 30, 2019. The goodwill recognized from the acquisition is attributable to synergies expected from integrating FBS NV into the Company's existing business. Additionally, the Nevada Department of Agriculture has issued FBS NV a Hemp Handler license. The goodwill acquired is not deductible for tax purposes.

Acquisition Results and Unaudited Supplemental Pro Forma Financial Information

Total revenue of $3.3 million and net losses of $2.1 million from the acquisitions above are included in the condensed unaudited interim consolidated statements of operations and comprehensive income (loss) from the dates of the respective acquisitions. Had the acquisitions occurred on January 1, 2019, additional revenues of $5.1 million and additional net losses of $2.1 million would have been included in the condensed unaudited interim consolidated statements of operations and comprehensive income (loss) during the three and nine months ended September 30, 2019.

Other Acquisitions

Dalitso LLC (Virginia)

On September 23, 2019, the Company acquired 61.765% of the membership interests in Dalitso LLC ("Dalitso"). The aggregate purchase price was $16 million and consisted of $7.8 million in cash, $3.4 million in Subordinate Voting Shares at a closing date price of $1.61 per share, approximately 1 million warrants valued at $0.4 million to purchase Subordinate Voting Shares at a price of $3.00 per share (expiring two years from issuance) and $4.0 million in promissory notes. Refer to Note 12. "Notes Payable". The warrants were valued using the Black-Scholes model binomial model. 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.

The Company early adopted IFRS 3, as amended and determined that this transaction did not qualify as a business combination because the assets acquired did not constitute a business. Refer to Note 2. "Summary of Significant Accounting Policies" for additional information. The Company is exposed, or has rights, to variable returns from Dalitso and has the power to govern the financial and operating policies of Dalitso so as to obtain economic benefits, and therefore the Company has consolidated Dalitso from the date of acquisition.

The following table summarizes the estimated fair values of the assets and liabilities at the acquisition date and the fair value of the consideration:

Cash and cash equivalents	$	20,933
Prepaids and other assets		69,715
Property, plant and equipment		328,679
Intangible assets		25,700,466
Other non-current assets		34,270
Total assets	$	26,154,063
Accounts payable and accrued liabilities		(146,707)
Intercompany note		(425,894)
Total liabilities	$	(572,601)
Net assets acquired	$	25,581,462
Non-controlling interest	$	(9,747,228)
Total net assets acquired net of non-controlling interest	$	15,834,234
Consideration paid in cash	$	7,815,628
Capitalized acquisition costs		207,520
Consideration paid in notes		4,031,248
Consideration paid in shares and warrants		3,779,838
Total consideration	$	15,834,234

The Clinic

In June 2019, the Company purchased certain intellectual property and consulting agreements held by HMS, LLC ("The Clinic") , for total consideration of $9,579,675, which included (i) $4,115,000 in cash (including cash of $650,000 related to pre-combination services) and (ii) $5,464,675 in equity (2,267,500 shares). 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 acquired intellectual property includes The Clinic's wholly-owned consulting service's trade secrets and other proprietary intellectual information related to cannabis brands. The Bank brand includes intellectual property related to cultivation and genetics of over 150 different strains. The Lab's brand includes intellectual property consisting of proprietary concentrates and extraction techniques.

The Company early adopted IFRS 3, as amended and determined that The Clinic purchases did not qualify as a business combination because substantially all of the fair value of the gross assets acquired are concentrated in a single asset (intellectual property). Refer to Note 2. "Summary of Significant Accounting Policies" for additional information.

10. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

The change in goodwill net of accumulated impairment loss for the three and nine months ended September 30, 2019 was as follows:

Balance at December 31, 2018	$	170,000
Additions from business combinations		13,642,253
Balance, September 30, 2019	$	13,812,253

Other Intangible Assets

The changes in other intangible assets for the nine months ended September 30, 2019 was as follows:

	Finite Life Intangible Asset					Indefinite Life Intangible Asset			
	Franchise Agreements	Intellectual Property	Patient Database	Tradename	Non-Compete	Licenses	Formulations	Internally Generated Intangibles	Total
Cost:									
Balance at December 31, 2018	$ 1,850,000	$ 1,290,000	$ 880,000	$ 50,000	$ 8,000	$ -	$ 50,000	$ -	$ 4,128,000
Additions [1]	-	9,579,675	270,000	5,330,000	160,000	71,500,466	-	554,136	87,394,277
Balance, September 30, 2019	$ 1,850,000	$ 10,869,675	$ 1,150,000	$ 5,380,000	$ 168,000	$ 71,500,466	$ 50,000	$ 554,136	$ 91,522,277
Accumulated amortization:									
Balance at December 31, 2018	$ (103,904)	$ (96,603)	$ (8,519)	$ (484)	$ (1,258)	$ -	$ -	$ -	$ (210,768)
Amortization expense	(99,106)	(411,465)	(53,000)	(141,417)	(13,422)	-	-	-	(718,410)
Balance, September 30, 2019	$ (203,010)	$ (508,068)	$ (61,519)	$ (141,901)	$ (14,680)	$ -	$ -	$ -	$ (929,178)
Net book value:									
Balance at December 31, 2018	$ 1,746,096	$ 1,193,397	$ 871,481	$ 49,516	$ 6,742	$ -	$ 50,000	$ -	$ 3,917,232
Balance at September 30, 2019	$ 1,646,990	$ 10,361,607	$ 1,088,481	$ 5,238,099	$ 153,320	$ 71,500,466	$ 50,000	$ 554,136	$ 90,593,099
Estimated useful life	14 years	10 - 10.5	5-15 years	1-15 years	3-5 years				

(1) In 2019, all additions other than internally generated intangibles were from acquisitions. Refer to Note 9. "Acquisitions" for further details.

Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives. The Company recorded amortization expense of $479,280 and $718,410 for the three and nine months ended September 30, 2019, respectively, and $210,768 for the period from January 23, 2018 (inception date) to September 30, 2018. These amounts are recorded within depreciation and amortization expense in the condensed unaudited interim consolidated statements of operations and comprehensive income (loss).

11. LEASE OBLIGATIONS

The Company leases certain business facilities in Florida, New York, Pennsylvania, Virginia, Ohio, Nevada, California and Colorado from third parties under lease agreements that specify minimum rentals. The leases expire between 2020 and 2039 and contain certain renewal provisions.

Some property leases may contain variable payment terms that are linked to sales generated from a store or cannabis regulation changes. Variable payment terms may be used for a variety of reasons, including minimising the fixed costs base for newly established stores. Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs. Variable lease payments are included in cost of goods sold and were $15,776 and $19,655 for the three and nine months ended September 30, 2019, respectively. All extension options that are reasonably certain to be exercised have been included in the measurement of lease obligations. The Company reassesses the likelihood of extension option exercise if there is a significant event or change in circumstances within its control.

The Company's net rent expense related to low-value and short-term leases is included in general and administrative expenses and was approximately $54,000 and $192,000 for the three and nine months ended September 30, 2019, respectively, and for the period from January 23, 2018 (inception date) to September 30, 2018 was $nil. The Company's interest expense related to leases having an initial or remaining term of more than one year was approximately $225,000 and $299,000 for the three and nine months ended September 30, 2019.

At September 30, 2019 future minimum lease payments under non-cancelable operating leases having an initial or remaining term of more than one year are as follows:

Less than one year	$	1,260,203
One to five years		4,579,516
Greater than five years		10,322,310
Total undiscounted lease obligations	$	16,162,029
Interest		9,465,212
Lease obligations at September 30, 2019	$	6,696,817

Lease liabilities included in the statement of financial position at September 30, 2019 are as follows:

Short-term lease obligations	$	1,153,178
Long-term lease obligations	$	5,543,639
	$	6,696,817

12. NOTES PAYABLE

		September 30, 2019
Short-term notes payable	$	15,654,065
Long-term notes payable		10,021,685
Total notes payable	$	25,675,750

Accrued interest associated with the notes payable was $96,589 at September 30, 2019 and is included

in accrued expenses in the condensed unaudited interim consolidated statement of financial position.

Secured Promissory Notes – Provisionally Licensed Holder

In June 2019, the Company entered into a definitive agreement with a provisionally licensed medical marijuana processor and issued $1,500,000 in 18-month secured sellers' notes as part of the consideration. The notes bear interest at 10% per annum and are payable quarterly, and are subject to acceleration based upon consummation of the closing as defined in the purchase agreement. Refer to Note 5. "Deferred Acquisition Costs and Deposits" for additional information.

Secured Promissory Notes – FBS Penn

In July 2019, in connection with the FBS Penn acquisition, the Company issued $28.1 million by way of certain 10% secured convertible notes due to the sellers, with principal payments, together with accrued interest through each such date, due in tranches. $10.6 million in principal plus interest was paid on September 30, 2019, $7.5 million is due on March 9, 2020, $5.0 million is due on September 9, 2020 and the remaining balance is due on March 9, 2021. The option to convert the 10% secured convertible notes due to sellers expired on September 30, 2019. Refer to Note 9. "Acquisitions" for additional information.

Secured Promissory Notes – FBS NV

In July 2019, in connection with the FBS NV management services and purchase agreements and the related acquisition of the associated real estate, the Company issued $2.6 million in promissory and other secured notes as part of the consideration.

The notes bear interest at 10% per annum. Of the $2.25 million in promissory notes, 50% will mature on the one-year anniversary of issuance and the remaining amount will mature on the second-year anniversary. The $0.4 million note will mature in July 2021 and is subject to acceleration based upon consummation of the closing as defined in the purchase agreement and is secured by the real estate. Refer to Note 9. "Acquisitions" for additional information.

Promissory Notes - Dalitso

In September 2019, in connection with the Dalitso acquisition, the Company issued: (i) approximately $2.7 million in 6% promissory notes issued to the sellers maturing September 23, 2021 and convertible at the option of the holders on or prior to the maturity date into Subordinate Voting Shares at a conversion price of $6.00 per share: and (ii) approximately $1.3 million in 9% unsecured notes issued to certain sellers maturing September 20, 2021, payable quarterly. Refer to Note 9. "Acquisitions" for additional information.

13. EQUITY

(a) Authorized

As of September 30, 2019, the authorized share capital consists of an unlimited number of Subordinate Voting Shares, an unlimited number of Multiple Voting Shares, and an unlimited number of Super Voting Shares.

(i) **Subordinate Voting Shares ("SVS")**

Holders of Subordinate Voting Shares ("Subordinate Voting Holder") shall be entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company shall have the right to vote. At each such meeting Subordinate Voting Holders shall be entitled to one vote in respect of each Subordinate Voting Share held. As long as any Subordinate Voting Shares remain outstanding, the Company will not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Subordinate Voting Shares.

Subordinate Voting Holders shall be entitled to receive as and when declared by the directors, dividends in cash or property of the Company. No dividend will be declared or paid on the Subordinate Voting Shares unless the Company simultaneously declares or pays, as applicable, equivalent dividends on the Multiple Voting Shares (on an as-converted to Subordinate Voting Share basis) and Super Voting Shares (on an as-converted to Subordinate Voting Share basis).

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the Subordinate Voting Holders shall, subject to the prior rights of the holders of any shares of the Company ranking in priority to the Subordinate Voting Shares be entitled to participate ratably along with all other holders of Multiple Voting Shares (on an as-converted to Subordinate Voting Share basis) and Super Voting Shares (on an as-converted to Subordinate Voting Share basis).

(ii) **Multiple Voting Shares ("MVS")**

The holders of Multiple Voting Shares (the "Multiple Voting Holders") shall have the right to 10 votes for each Subordinate Voting Share into which such Multiple Voting Shares could then be converted, which for greater certainty, shall initially equal 10 votes per Multiple Voting Share, and with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the Subordinate Voting Holders, and shall be entitled to notice of any shareholders' meeting and shall be entitled to vote, together with holders of Subordinate Voting Shares, with respect to any question upon which Subordinate Voting Holders have the right to vote. Fractional votes shall not, however, be permitted and any fractional voting rights available on an as converted basis (after aggregating all Subordinate Voting Shares into which Multiple Voting Shares could be converted) shall be rounded to the nearest whole number (with one-half being rounded upward). Except as provided by law and by certain Company Article provisions, Multiple Voting Holders shall vote the Multiple Voting Shares together with the Subordinate Voting Holders and Super Voting Holders as a single class.

As long as any Multiple Voting Shares remain outstanding, the Company will not, without the consent of the holders of the Multiple Voting Shares and Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Multiple Voting Shares. In connection with the exercise of the voting rights for this purpose, each holder of Multiple Voting Shares will have one vote in respect of each Multiple Voting Share held.

The Multiple Voting Holders shall have the right to receive dividends, out of any cash or other

assets legally available therefore, pari passu (on an as-converted basis, assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares at the applicable Conversion Ratio and ignoring any limitations on conversion as outlined in the Company Articles) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares. No dividend will be declared or paid on the Multiple Voting Shares unless the Company simultaneously declares or pays, as applicable, equivalent dividends on the Subordinate Voting Shares and Super Voting Shares (on an as-converted to Subordinate Voting Share basis).

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the Multiple Voting Holders shall, subject to the prior rights of the holders of any shares of the Company ranking in priority to the Multiple Voting Shares, be entitled to participate ratably, on an as-converted to Subordinate Voting Share basis, along with all other holders of Subordinate Voting Shares and Super Voting Shares (on an as-converted to Subordinate Voting Share basis).

The Multiple Voting Holders shall have optional and mandatory conversion rights as outlined in the Company's Articles. Any Multiple Voting Share converted shall be retired and cancelled and may not be reissued as shares of such series or any other class or series, and the Company may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of Multiple Voting Shares accordingly.

(iii) **Super Voting Shares ("SV")**

The holders of Super Voting Shares (the "Super Voting Holders") shall have the right to 10 votes for each Subordinate Voting Share into which such Super Voting Shares could then be converted (as outlined in the Company's Articles), which for greater certainty, shall initially equal 1,000 votes per Super Voting Share, and with respect to such vote, such holder shall have full voting rights and powers equal to the voting rights and powers of the Subordinate Voting Holders, and shall be entitled, to notice of any shareholders' meeting and shall be entitled to vote, together with holders of Subordinate Voting Shares, with respect to any question upon which Subordinate Voting Holders have the right to vote. Fractional votes shall not, however, be permitted and any fractional voting rights available on an as converted basis (after aggregating all Subordinate Voting Shares into which Super Voting Shares could be converted) shall be rounded to the nearest whole number (with one-half being rounded upward). Except as provided by law and by the provisions of the Company's Articles, Super Voting Holders shall vote the Super Voting Shares together with the Subordinate Voting Holders and Multiple Voting Holders as a single class.

In addition to any other rights provided by law, the Company shall not amend, alter or repeal the preferences, special rights or other powers of the Super Voting Shares or any other provision of the Company's constating documents that would adversely affect the rights of the Super Voting Holders, without the written consent or affirmative vote of the holders of at least 66-2/3% of the then outstanding aggregate number of Super Voting Shares, as such changes relate to the Super Voting Shares, given in writing or by vote at a meeting, consenting or voting (as the case may be) separately as a class of the holders of Super Voting Shares (a "Super Majority Vote"). The Company shall have authority to issue one or more additional classes or series of shares, which may have rights and preferences superior or subordinate to the Super Voting Shares.

All shares of Super Voting Shares shall be identical with each other in all respects. The Super

Voting Shares shall rank pari passu to the Subordinate Voting Shares as to dividends and upon liquidation, as described below. Any amounts herein shall be subject to appropriate adjustments in the event of any stock splits, consolidations or the like.

The Super Voting Holders shall have the right to receive dividends, out of any cash or other assets legally available therefor, pari passu (on an as converted basis, assuming conversion of all Super Voting Shares into Subordinate Voting Shares at the applicable Conversion Ratio and ignoring any limitations on conversion as outlined in the Company Articles) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares.

In the event of any Liquidation Event (as defined in the Company Articles), either voluntary or involuntary, the holders of Super Voting Shares shall be entitled to receive the assets of the Company available for distribution to shareholders, distributed among the holders of Super Voting Shares on a pro rata basis based on the number of Super Voting Shares (on an as converted to Subordinate Voting Shares basis, assuming conversion of all Super Voting Shares into Subordinate Voting Shares at the applicable Conversion Ratio and ignoring any limitations on conversion as outlined in the Company Articles) issued and outstanding on the record date.

The Super Voting Holders shall have optional and mandatory conversion rights as outlined in the Company's Articles. Any Super Voting Share converted shall be retired and cancelled and may not be reissued as shares of such series or any other class or series, and the Company may thereafter take such appropriate action (without the need for stockholder action) as may be necessary to reduce the authorized number of Super Voting Shares accordingly. In addition, before any Super Voting Holder shall be entitled to convert Super Voting Shares into Subordinate Voting Shares, the Board of Directors (or a committee thereof) shall designate an officer of the Company to determine if any Conversion Limitation (as set forth in the Company Articles) shall apply.

(b) Issued and Outstanding

Refer to the condensed unaudited interim consolidated statements of changes in equity for a reconciliation of the beginning and ending amounts of the issued and outstanding shares.

(i) Consulting Agreements

In accordance with the terms of the Advisory and Consulting Agreement and the Data Purchase Agreement related to the MEND transaction completed in November 2018, the Company paid $312,500 on May 7, 2019, and on May 5, 2019 issued $312,500 of Senior Subordinated Shares with a three-year vesting period to Dr. Mechtler for services rendered.

(ii) Private Placement of Common Stock

(a) In February and March 2019, Jushi completed a non-brokered private placement consisting of 8,080,000 shares of Senior Subordinated Shares and warrants to purchase an additional 4,025,000 shares of Senior Subordinated Shares at $3.00 per share for gross proceeds of $16,100,000. The Company incurred $158,522 of costs related to the private placement.

(b) In June 2019, the Company through Jushi Acquisition Corp. (a special purpose corporation) completed a brokered and non-brokered private placement of 24,800,098 subscription receipts (each, a "Subscription Receipt") at a price of $2.75 per Subscription Receipt for aggregate

gross proceeds of approximately $68,200,270. As part of closing the Business Combination, each subscription receipt automatically converted into one Class B common share that was exchanged into one voting share of common stock of Jushi Holdings Inc without any further action by the holder on the satisfaction of the escrow release conditions which included the following:

- the completion or satisfaction of all conditions precedent to the RTO having occurred, been satisfied or been waived other than the filing of the applicable documentation as may be required under corporate law and release of the escrowed funds; and

- the receipt of all required shareholder, third party (as applicable) and regulatory approvals in connection with the RTO, including the conditional approval for the listing of the Subordinate Voting Shares on the NEO Exchange.

(iii) Warrants

A reconciliation of the beginning and ending balance of the warrants outstanding is as follows:

	Number of Warrants	Weighted-Average Exercise Price	
Balance as of December 31, 2018 (1)	35,172,385	$	1.63
Granted	8,312,967	$	2.51
Cancelled	(100,000)	$	2.00
Expired	(215,760)	$	2.73
Exercised	(91,832)	$	2.73
Balance as of September 30, 2019	43,077,760	$	1.72

(1) Excludes 1.4 million shares previously presented as warrants on a converted basis.

Refer to Note 18. "Subsequent Event" for a warrant that was exercised subsequent to September 30, 2019.

During the three months ended March 31, 2019, the Company issued 4,040,000 warrants, with an exercise price of $3.00 per share, in connection with the non-brokered private placement.

During the three months ended March 31, 2019, the Company amended a consulting agreement with an individual into an employment agreement and issued warrants to purchase 467,875 Subordinate Voting Shares exercisable at $1.50 per share. The warrants are subject to vesting restrictions.

During the three months ended March 31, 2019, the Company entered into a consulting agreement with an entity for services and issued warrants to purchase 100,000 Subordinate Voting Shares exercisable at $2.00 per share and subject to vesting restrictions. These warrants were cancelled in April 2019.

During the three months ended March 31, 2019, the Company entered into a consulting agreement with an individual for services and issued warrants to purchase 750,000 Subordinate Voting Shares exercisable at $1.50 per share and subject to vesting restrictions.

During the three months ended March 31, 2019, the Company entered into the Nevada Dispensary Certificate Agreement with a group of entities and individuals. In connection with this agreement,

the Company issued warrants to purchase an aggregate of 100,000 Subordinate Voting Shares exercisable at $2.00 per share.

In April 2019, the Company entered into various consulting agreements for services and issued aggregate warrants to purchase 1,500,000 Subordinate Voting Shares with an exercise price of $2.00 per share. The warrants are subject to vesting restrictions.

In September 2019, the Company acquired 61.765% of the membership interests in Dalitso and issued aggregate warrants to purchase 1,047,500 Subordinate Voting Shares with an exercise price of $3.00 per share. The warrants are not subject to vesting restrictions and were included in the purchase price. Refer to Note 9. "Acquisitions" for further details.

During the nine months ended September 30, 2019, the Company issued warrants in connection with the RTO to purchase 307,592 Subordinate Voting Shares with an exercise price of $2.73 per share. In June 2019, 91,832 of these warrants were exercised for cash proceeds of $329,000 and the rest expired unexercised in July 2019.

The following table summarizes the warrants that remain outstanding as of September 30, 2019:

Security Issuable	Exercise Price	Number of Warrants		Expiration Date
Super Voting Shares	$ 0.50	13,750	*(1)*	June 6, 2029
Super Voting Shares	$ 1.00	149,000	*(2)*	June 6, 2029
Total Super Voting Shares		**162,750**		
Multiple Voting Shares	$ 0.50	2,750,000	*(1)*	June 6, 2029
Multiple Voting Shares	$ 1.00	4,000,000	*(2)*	June 6, 2029
Total Multiple Voting Shares		**6,750,000**		
Subordinate Voting Shares	$ 1.00	750,000	*(1)*	November 10, 2019
Subordinate Voting Shares	$ 1.50	750,000	*(1)*	May 10, 2020
Subordinate Voting Shares	$ 2.00	750,000	*(1)*	October 11, 2020
Subordinate Voting Shares	$ 2.00	100,000	*(4)*	March 24, 2021
Subordinate Voting Shares	$ 2.00	21,097,135	*(2),(5),(6),(7),(8)*	June 6, 2021
Subordinate Voting Shares	$ 2.25	1,000,000	*(2),(7),(8)*	June 6, 2021
Subordinate Voting Shares	$ 3.00	4,040,000	*(2),(7),(8)*	June 6, 2021
Subordinate Voting Shares	$ 1.50	325,000	*(3)*	September 27, 2023
Subordinate Voting Shares	$ 1.50	750,000	*(1),(8)*	March 18, 2024
Subordinate Voting Shares	$ 1.35	1,000,000	*(1),(7)*	July 1, 2028
Subordinate Voting Shares	$ 1.50	467,875	*(1),(8)*	January 1, 2029
Subordinate Voting Shares	$ 2.00	1,500,000	*(1)*	April 17, 2029
Subordinate Voting Shares	$ 0.50	687,500	*(1)*	June 6, 2029
Subordinate Voting Shares	$ 1.00	1,900,000	(2),(7)	June 6, 2029
Subordinate Voting Shares	$ 3.00	1,047,500	*(3),(8)*	September 23, 2021
Total Subordinate Voting Shares		**36,165,010**		
	Total Warrants	**43,077,760**		

(1) Issued for services rendered.
(2) Issued with the sale of stock.
(3) Issued in connection with the acquisition of Dalitso.
(4) Issued in connection with the Nevada Dispensary Certificate Agreement.

(5) Issued 1,000,000 warrants in connection with the sale of notes receivable.
(6) Issued 2,500,000 warrants in connection with the acquisition of TGS National Holdings.
(7) Subject to exercise trigger/liquidity event noted below.
(8) Subject to accelerated expiration noted below.

Many of the warrants have expiration dates that are subject to certain terms described in the warrant agreements. Specifically, many of the warrants have an expiration date that does not start until there is an exercise trigger/liquidity event. For this purpose, an exercise trigger/liquidity event is an amalgamation, share exchange, merger, plan or arrangement, or other form of business combination pursuant to which the Company's Common Stock (or the common shares of the resulting issuer) becomes listed on the Canadian Securities Exchange or any other securities exchange. The RTO transaction completed on June 6, 2019 qualified as an exercise trigger/liquidity event. In addition, many of the warrants contain terms under which the Company can accelerate the expiration date following a liquidity event if the volume weighted average price for any 20 consecutive trading days equals or exceeds a certain per share price.

During the three and nine months ended September 30, 2019, the Company recorded share-based compensation expense related to warrants issued for services rendered of $291,186 and $648,024, respectively, issued with a fair value ranging from $0.21 to $0.53 per warrant.

The fair value of warrants issued during the nine months ended September 30, 2019 was determined using the Black-Scholes option-pricing model with the following assumptions at the time of grant:

Risk-Free Annual Interest Rate	2.31% - 2.59%
Expected Annual Dividend Yield	0%
Expected Stock Price Volatility	70% - 85%
Expected Life of Warrants	2-6 years
Forfeiture Rate	-

Volatility was estimated by using a weighting of the average historical volatility of comparable companies from a representative peer group of publicly traded cannabis companies and the Company volatility. The expected life in years represents the period of time that warrants issued are expected to be outstanding. The risk-free rate is based on U.S. Treasury bills with a remaining term equal to the expected life of the warrants. The Company currently does not anticipate paying dividends in the foreseeable future. As a result, the expected annual dividend yield is assumed to be 0%.

As of September 30, 2019, warrants outstanding have a weighted-average remaining contractual life of 5.9 years.

14. SHARE-BASED COMPENSATION

In February 2018, the Company adopted the 2018 Equity Incentive Plan (the "Plan"). The Plan authorizes the issuance of the lesser of: (i) 20,000,000 shares and (ii) 10% of the number of outstanding shares of common stock (of all classes) of the Company.

On May 7, 2019, the Company adopted the 2019 Equity Incentive Plan which was amended on June 7,

2019 (the "2019 Plan"). The plan authorizes the issuance of 15% of the number of outstanding shares of common stock (of all classes) of the Company. Incentive stock options are limited to the Share Reserve as of June 6, 2019.

A summary of all share-based compensation expense for the three and nine months ended September 30, 2019 is as follows:

	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
Total stock options	$ 560,724	$ 1,816,464
Restricted stock grants	969,375	1,287,588
Warrant expense	291,186	648,024
Total share-based compensation	$ 1,821,285	$ 3,752,076

(a) Stock Options

A reconciliation of the beginning and ending balance of stock options outstanding is as follows:

	Number of Stock Options	**Weighted Average Exercise Price**
Balance as of December 31, 2018	6,574,998	$1.10
Granted	9,426,333	$2.07
Exercised	(2,796,152)	$1.00
Forfeited	(1,263,846)	$1.07
Converted	(2,700,000)	$1.53
Balance as of September 30, 2019	9,241,333	$2.00

The following table summarizes the stock options that remain outstanding as of September 30, 2019:

Security Issuable	Expiration Date	Number of Stock Options	Exercise Price		Stock Options Exercisable
Subordinate Voting Shares	May 25, 2028	300,000	$ 1.00	(1)	100,000
Subordinate Voting Shares	October 12, 2028	600,000	$ 1.35	(1)	-
Subordinate Voting Shares	December 1, 2028	200,000	$ 1.35	(1)	-
Subordinate Voting Shares	March 4, 2029	80,000	$ 2.00	(1)	-
Subordinate Voting Shares	March 21, 2029	35,000	$ 2.00	(1)	-
Subordinate Voting Shares	April 1, 2029	80,000	$ 2.00	(1)	-
Subordinate Voting Shares	April 8, 2029	100,000	$ 2.00	(1)	-
Subordinate Voting Shares	April 10, 2029	75,000	$ 2.00	(1)	-
Subordinate Voting Shares	April 17, 2029	6,288,000	$ 2.00	(1),(2)	-
Subordinate Voting Shares	June 12, 2021	10,000	$ 3.00	(1)	-
Subordinate Voting Shares	April 15, 2029	753,333	$ 2.75	(1)	-
Subordinate Voting Shares	April 29, ,2029	35,000	$ 2.75	(1)	-
Subordinate Voting Shares	May 7, 2029	25,000	$ 2.75	(1)	-
Subordinate Voting Shares	June 1, 2029	100,000	$ 2.75	(1)	-
Subordinate Voting Shares	June 7, 2029	275,000	$ 2.75	(1)	-
Subordinate Voting Shares	September 3, 2029	285,000	$ 1.80	(1)	-
		9,241,333			**100,000**

(1) Issued to employees of certain subsidiaries of the Company under the Company's Plan. Such options expire in ten years from the date of grant and generally have the following vesting conditions: 1/3 of the options will vest on each anniversary of the grant date.

(2) Includes 4,055,000 stock options issued to directors of the Company under the Company's Plan.

The fair value of stock options granted during the nine months ended September 30, 2019 was determined using the Black-Scholes option-pricing model with the following assumptions at the time of grant:

Risk-Free Annual Interest Rate	1.85% - 2.58%
Expected Annual Dividend Yield	0%
Volatility	70% - 85%
Expected Life of Stock Options	2 - 6 years
Forfeiture Rate	-

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

For the nine months ended September 30, 2019, the weighted-average fair value of stock options granted was $0.42 per option. As of September 30, 2019, stock options outstanding have a weighted-average remaining contractual life of 9.44 years.

(b) Restricted Stock Grants

During the nine months ended September 30, 2019, the Company granted 4,800,015 restricted Subordinated Voting Shares to consultants and employees. Of the restricted shares, 4,272,917 vest one-third on each anniversary of the grant date, 300,000 vest one-half at six months and one-half at twelve months of the grant date, 177,513 vest on the one year anniversary of the grant date, 29,585 vest quarterly until the one year anniversary of the grant date and 20,000 vested upon the RTO.

15. COMMITMENTS AND CONTINGENCIES

(a) Contingencies

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management of the Company believes that the Company is in compliance with applicable local and state regulations as of September 30, 2019, marijuana regulations continue to evolve and are subject to differing interpretations. As a result, the Company could be subject to regulatory fines, penalties or restrictions in the future.

(b) Consulting Agreements

In July 2019, the Company was identified as one of three applicants to move forward in the application process for a business license to operate a retail storefront within Culver City, California. If awarded, the Company is obligated to pay, under various consulting arrangements, success fees of approximately $300,000 and, subject to regulatory approvals, grant a 5% equity interest in the applicant entity. A commitment fund will also be set up to fund $100,000 annually towards non-profit organizations in Culver City, California.

In addition, refer to Note 16. "Related Party Transactions" for related party consulting agreements and commitments.

(c) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. Other than the civil disputes described below, to Jushi's knowledge, there are no material legal proceedings or regulatory actions to which Jushi is a party, or has been a party to, or of which any of its property is or was the subject matter of, and no such proceedings or actions are known by Jushi to be contemplated. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

On June 1, 2018, TGS National Holdings LLC, which controls TGS National Franchise, LLC ("TGS"), a franchisor, filed a lawsuit in Colorado state court against San Felasco Nurseries, Inc. ("SFN"), as assignee of Florida Compassionate Growers, LLC. The case is currently on appeal in Colorado state court. The action was filed primarily out of TGS's 2018 exercise of a contractual

right of first refusal to purchase SFN, its franchisee, following SFN entering into a letter of intent to sell its franchise to a third-party. The state court lawsuit sought equitable relief. On August 14, 2018, the state trial court dismissed the lawsuit without reaching the merits. Based on a contractual provision entitling the prevailing party to attorneys' fees and costs, the trial court also ordered TGS to pay SFN $211,781 in combined attorney's fees and costs which were paid by the Company in 2018. TGS has appealed both the dismissal and the award of attorney's fees and costs. TGS filed its opening brief, SFN filed a response brief, and TGS filed a reply brief. The Company is pursuing this matter vigorously.

On October 22, 2018, TGS filed a claim in an arbitration action against SFN pending before the American Arbitration Association ("AAA"). During 2018, SFN terminated the franchise agreements between it and TGS. SFN then sold its business to a third-party. TGS contends the termination and transfer were wrongful and in late 2018 initiated arbitration seeking to recover its monetary damages. The arbitration has been stayed pending the resolution of the state court action. The Company is pursuing this matter vigorously.

A minority interest holder in TGS Illinois Holdings, LLC ("TGSIH") sued the majority interest holders in TGSIH and Jushi Inc (including a Jushi-affiliated entity) in state court in Illinois relating to the confidential settlement agreement it entered with the owners of TGS National to purchase its interests in TGSIH. The state trial court dismissed the claims against Jushi and its affiliated entity. The minority interest holder has filed a notice of appeal. Jushi is pursuing this matter vigorously.

Refer to Note 18. "Subsequent Events" for discussion of a legal settlement.

(d) Purchase Commitments

In April 2019, the Company entered into a nonbinding letter of intent with Castetter Sustainability Group,Inc. ("Castetter") pursuant to which the Company had an option to acquire the entire yield of hemp biomass from no fewer than 100 acres through the 2019 growing season. In connection with the letter of intent, the Company advanced Castetter $250,000 for the purpose of purchasing the necessary seeds related to the 2019 growing season, which will either be credited against the price of any hemp biomass purchased from Castetter or must treated as a loan and repaid to the Company with interest on or before January 31, 2020.

(e) Pending Acquisitions

(i) **Malibu Community Collective**

In February 2019, the Company entered into a Membership Issuance and Acquisition of Management Agreement with Malibu Community Collective, Inc. ("MCC") pursuant to which it will, subject to the fulfillment of certain regulatory conditions, acquire 100% control of MCC. MCC has the right to operate one of only two adult use retail cannabis dispensaries in Malibu, California. Prior to that, in October 2018, the Company signed a lease giving it the right, subject to the fulfillment of certain regulatory conditions, to occupy approximately 3,000 square foot of space in a prime retail location on Pacific Coast Highway in Malibu. It is expected that closing of the definitive agreements will occur in the fourth quarter of 2019, subject to receipt of applicable regulatory approvals. The Company has agreed to advance up to $115,000 to MCC for working capital uses which

will be applied toward the purchase price. The Company has advanced $100,000 as of September 30, 2019, which is included in prepaid expenses and other current assets.

(ii) **San Diego Dispensary**

In July 2019, the Company entered into a securities purchase and exchange agreement by and among Jushi Inc, a corporation owning and operating a San Diego dispensary, and the stockholders thereof, dated July 2, 2019 for the acquisition by Jushi Inc of 75% of the issued and outstanding shares of the San Diego dispensary. It is expected that closing of the acquisition will occur in the first half of 2020, subject to regulatory and other customary closing conditions.

(iii) **Agape Total Health Care**

In September 2019, Jushi Inc signed a definitive agreement to acquire 80% of the economic and voting interests in Agape Total Health Care Inc ("Agape"), pending regulatory approvals. Agape received a provisional dispensary permit in Round II from the Pennsylvania Department of Health to open up to three dispensaries to sell medical cannabis in the Philadelphia area Closing of the transaction is subject to regulatory and other customary closing conditions and is scheduled to be completed in the fourth quarter of 2019. Related to this transaction, in February and March 2019, Jushi Inc's subsidiary purchased two commercial properties in Reading and Pottsville, Pennsylvania, and agreed to develop and lease these properties to Agape. Refer to Note 8. "Property, Plant and Equipment" for further details.

16. RELATED PARTY TRANSACTIONS

Transactions with related parties are entered into during the normal course of business and are measured at the amount established and agreed to by the parties. The Company had the following related party transactions during the nine months ended September 30, 2019.

Services Agreements

In July 2018, the Company entered into a services agreement with One East Management Services LLC ("OEMS") (a wholly-owned subsidiary of One East Capital Advisors, LP ("OECA"), of which James Cacioppo is the Managing Partner). James Cacioppo is the CEO of Jushi. The services agreement, as amended, provides for, among other things, sourcing and assisting in mergers and acquisitions and capital transactions for Jushi. Pursuant to the OEMS Services Agreement, OEMS earned an initial services fee of $50,000 and quarterly fees of $125,000, and was issued warrants exercisable for 1,000,000 of Jushi's Class B common stock (now, Subordinate Voting Shares) at an exercise price of $1.35, plus reimbursement of its expenses. Pursuant to the amendment entered into on April 17, 2019, as consideration for OECA's ongoing provision of financial and research-related advice, OECA earned a step-up fee of $75,000 and was issued warrants exercisable for 800,000 of Jushi's Class B common stock (now, Subordinate Voting Shares) at an exercise price of $2.00. The grant date fair value of the warrants was $0.43 each and the Company has recorded $21,590 of share-based compensation expense related to the warrants for the nine months ended September 30, 2019. The OEMS Services Agreement terminates on May 31, 2020. Prepaid consulting fees were $83,333 as of both September 30, 2019 and December 31, 2018.

Key Consulting Agreements

On April 8, 2019, the Company amended its Consulting Agreement dated February 13, 2018, with Denis Arsenault ("Amendment No. 1 Consulting"), a significant shareholder of the Company. The following are the amendments included in Amendment No. 1 Consulting: (1) issue an additional warrant to Mr. Arsenault to purchase 500,000 shares of Senior Subordinated Shares at an exercise price of $2.00 per share that vest over a three-year period beginning one year after the grant date with an expiration date of April 18, 2029; (ii) payment of an additional one-time step up fee of $150,000; and (iii) annual compensation of $50,000 to be paid quarterly and prorated for partial periods for so long as Mr. Arsenault continues to consult for the Company. The grant date fair value of the warrants was $0.43 each and the Company recorded $60,524 of share-based compensation expense related to the warrants for the nine months ended September 30, 2019. The Company recognizes expenses related to this consulting agreement as the services are performed. At September 30, 2019, amounts accrued for the consulting fees were $25,000.

On April 9, 2019 and September 12, 2019, the Company amended its Consulting Agreement dated February 25, 2019, with Brooke Gehring ("Amendment No. 1 Consulting - Gehring" and "Amendment No. 2 Consulting - Gehring", respectively). Brooke Gehring is the wife of a member of the Company's key management team. The following are the amendments included in Amendment No. 1 Consulting - Gehring: (i) issue an additional warrant to Mrs. Gehring to purchase 200,000 shares of Senior Subordinated Shares at an exercise price of $2.00 per share that vested over the six month period beginning on February 25, 2019 with an expiration date of February 25, 2029; and (ii) monthly compensation of $19,583 while providing services to the Company. "Amendment No. 2 Consulting – Gehring extended the term of the agreement through March 1, 2020. The Company recognizes expenses related to this consulting agreement as the services are performed. The grant date fair value of the warrants was $0.40 each and the Company recorded $79,794 of share-based compensation expense related to the warrants for the nine months ended September 30, 2019. At September 30, 2019, amounts accrued for the consulting fees were $39,166.

On June 28, 2019, the Company entered into a consulting agreement, with Stephanie Jordan, a former shareholder of Dalitso, to provide consulting services to the Company for $14,585 per month for three years. The Company recognizes expenses related to this consulting agreement as the services are performed. The Company is committed to the full amount of the contract.

Also refer to Note 13. "Equity" for related party equity related agreements.

Remuneration of Directors and Key Management

The remuneration for services awarded to senior key management includes the following:

	For the Three Months Ended September 30, 2019	For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2019	Period from January 23, 2018 (inception date) to September 30, 2018
Salary and wages	$ 318,750	$ 150,000	$ 2,312,315	$ 300,000
Share-based compensation	541,526	126,375	1,392,287	161,844
Total	$ 860,276	$ 276,375	$ 3,704,602	$ 461,844

The compensation for each independent director is $50,000 per year commencing on July 1, 2019, to be paid quarterly, and $100,000 in restricted stock, which will vest after one complete year of service. The Audit Committee Chair will receive an additional US$50,000 in restricted stock for the first year commencing on July 1, 2019, which will vest quarterly. The Company has recorded $37,500 of independent director fees expense, and $30,872 of share-based compensation expense related to the restricted stock awards for the three and nine months ended September 30, 2019. At September 30, 2019, amounts accrued for independent director fees were $37,500.

Lease Agreement

On January 1, 2019, the Company entered into a commercial lease agreement with Erich Mauff, a member of the Board of Directors, for an apartment on 118 Remsen Street, Apt.1 Brooklyn, New York. The monthly rental fee was $2,550, payable in biannual installments. On April 1, 2019, the lease was terminated by the Company and Mr. Mauff.

In the ordinary course of business, the Company may enter into retail lease agreements with former owners of acquired assets or businesses. Refer to Note 11. “Lease Obligations” for details of variable lease payments. At September 30, 2019, amounts accrued for related party variable lease payments were $15,777.

17. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial Instruments

The Company’s financial instruments consist of cash and cash equivalents, investment in trading securities, accounts receivable, due from related party, financial asset, accounts payable, note payable, accrued expenses, redemption liability and lease obligations. The carrying values of these financial instruments approximate their fair values as of September 30, 2019.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3 – Inputs for the asset or liability that are not based on observable market data.

The Company's investment in trading securities is considered to be a Level 1 instrument because it is comprised of shares of a public company, and there is an active market for the shares with observable market data or inputs. The Company's financial assets is considered to be a Level 3 instrument because it is comprised of shares and warrants of a private company and short-term notes receivable; and there was no active market for the shares, warrants or notes receivable.

The redemption liability related to the acquisition of 49% of TGSNH is recorded at fair value and is estimated using the present value of the Put Option and Call Option and is therefore considered to be a Level 3 measurement. The Company has the exclusive right ("Call Option") to purchase the remaining 49% of TGS for a period of 30 months from February 13, 2018 ("Option Period"). Concurrently, the seller may require the Company ("Put Option) to purchase the remaining 49% no earlier than 12 months from February 13, 2018, but before the end of the Option Period.

The consideration to be paid for either the Call Option or Put Option 49% of TGS shall be $7,000,000 if purchased within 18 months from February 13, 2018, or $8,500,000 if purchased on or after 18 months through the end of the Option Period. The consideration under the Put Option shall be paid in the form of Jushi Inc Common Stock.

The fair value of the redemption liability at September 30, 2019 related to the acquisition of 49% of TGSNH was based on the following assumptions:

Risk-Free Annual Interest Rate	1.63% - 1.91%
Expected time for redemption	0 – 2.0 years

The calculation of the redemption liability is based on the probability-weighted expected future payment at the time of redemption.

Changes in the redemption liability for the nine months ending September 30, 2019 were as follows:

	For the Three Months Ended September 30, 2019	For the Nine Months Ended September 30, 2019
Opening balance	$ 7,519,404	$ 7,388,547
Revaluation of redemption liability	90,816	221,673
Balance at September 30, 2019	$ 7,610,220	$ 7,610,220

Changes in the financial asset(s) for the three and nine months ending September 30, 2019 were as follows:

Opening balance	$ 5,454,252
Revaluation of Level 3 instrument	9,222,200
Balance at September 30, 2019	$ 14,676,452

There have been no transfers between fair value levels during the nine months ended September 30,

2019.

The following table summarizes the Company's financial instruments as of September 30, 2019:

Financial Assets:		
Cash and cash equivalents		$ 26,781,331
Investment in trading securities		$ 1,263,167
Accounts receivable		$ 156,338
Due from related party		$ 68,500
Prepaid expenses and other current assets	(1)	$ 7,530,173
Short-term financial assets		$ 14,676,452
Other assets	(2)	$ 1,202,128
Financial Liabilities:		
Accounts payable and accrued expenses		$ 6,099,913
Notes payable		$ 25,675,750
Redemption liability		$ 7,610,220
Lease obligations		$ 6,696,817
Other liabilities		$ 173,908

(1) Prepaid expenses and other current assets includes: prepaids; a $100,000 advance relating to a pending acquisition (Refer to Note 15. "Commitments and Contingencies"); a non-controlling interest related receivable of $63,370; and a short-term receivable of $5 million related to a legal settlement. Refer to Note 18. "Subsequent Events".

(2) Other assets, which primarily includes escrow and other deposits, approximates its fair value at the balance sheet due.

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board mitigates these risks by assessing, monitoring and approving the Company's risk management processes:

(a) Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The maximum credit exposure at September 30, 2019, is the carrying amount of cash and cash equivalents. The Company does not have significant credit risk with respect to its customers. All cash and cash equivalents are placed with major U.S. financial institutions. Although some cash is placed with major U.S. financial institutions, there has been no change in the U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the cannabis industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from business involved with the marijuana industry.

The Company provides credit to its customers in the normal course of business and has established credit evaluation and monitoring processes to mitigate credit risk but has limited risk as the majority of its sales are transacted with cash.

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by either the Canada Deposit Insurance Corporation ("CDIC") up to $100,000, or the Federal Deposit Insurance Corporation ("FDIC") up to $250,000, as applicable. As September 30, 2019, the Company had $24.5 million in excess of the CDIC or FDIC insured limits.

(b) Asset Forfeiture Risk

Because the 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 were 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.

(c) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

In addition to the commitments outlined in Note 11. "Lease Liability" and Note 15. "Commitments and Contingencies" and the redemption liability outlined above, the Company has the following contractual obligations as of September 30, 2019:

	< 1 Year	1 to 3 Years	3 to 5 Years	Total
Accounts payable and accrued expenses	$ 6,099,913	$ -	$ -	$ 6,099,913
Notes payable	$ 15,654,065	$ 10,021,685	$ -	$ 25,675,750
Other liabilities	$ -	$ 173,908	$ -	$ 173,908

(d) Market Risk

(i) Currency Risk

The operating results and financial position of the Company are reported in U.S. dollars. The Company had no exposure to foreign currency transactions for the nine months ended September 30, 2019.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument

will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Company's financial debts have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

(iii) Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices.

(iv) Regulatory Risk

Regulatory risk pertains to the risk that the Company's business objectives are contingent, in part, upon the compliance of regulatory requirements. Due to the nature of the industry, the Company recognizes that regulatory requirements are more stringent and punitive in nature. Any delays in obtaining, or failure to obtain regulatory approvals can significantly delay operational and product development and can have a material adverse effect on the Company's business, results of operation, and financial condition.

The Company is cognizant of the advent of regulatory changes occurring in the cannabis industry on the city, state, and national levels. Although regulatory outlook on the cannabis industry has been moving in a positive trend, the Company is aware of the effect of unforeseen regulatory changes can have on the goals and operations of the business as a whole.

18. SUBSEQUENT EVENTS

Financial Asset

In October 2019, Jushi was issued 1,780 Cresco proportionate voting shares which convert into a total of 1,436,000 Cresco subordinate voting shares, 1,657 warrants for proportionate voting shares of Cresco which convert into 1,436,000 warrants for Cresco subordinate voting shares, received $134,000 of cash, and $5,222,500 of short-term secured notes, and is eligible to receive certain contingency payouts. The approximate market value of the consideration received by Jushi for the sale of its 16.5% interest has a total value of approximately $15 million to $20 million, depending on the contingency payouts. The contingent consideration is tied to both performance of the Gloucester operations as well as development of the New York market. Refer to Note 7. "Financial Asset" for further information.

Warrants

On October 16, 2019, a Jushi warrant holder exercised 750,000 warrants at $1.00 per share, for a total cash consideration of $750,000. The warrants were outstanding at September 30, 2019 and had an expiration date of November 10, 2019.

Legal Settlement Proceeds

In October 2019, the Company received proceeds of $5 million related to a confidential legal settlement, the effect of which was determined and recorded in other income for the three and nine months ended September 30, 2019, and a short-term receivable of $5 million was included in prepaid expenses and other current assets at September 30, 2019.

APPENDIX D

Jushi Holdings Inc. Management's Discussion and Analysis

JUSHI HOLDINGS INC. AND SUBSIDIARIES

(Formerly Tanzania Minerals Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and nine months ended September 30, 2019

(Expressed in United States Dollars)

MANAGEMENT'S 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 September 30, 2019, and for the three and nine 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 November 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 were approved by the Company's Board of Directors on November 14, 2019.

Jushi Holdings Inc. derives a substantial portion of its revenues from the cannabis industry in certain states of the United States, which industry is illegal under United States federal law. Jushi Holdings Inc. is directly involved (through its licensed subsidiaries) in the cannabis industry in the United States where local state laws permit such activities. Currently, its subsidiaries and managed entities are directly or indirectly engaged in the manufacture, possession, use, sale, distribution or branding of cannabis and/or hold licenses in the adult use and/or medicinal cannabis marketplace in the states of New York, Nevada, Pennsylvania and Virginia, are seeking to operate in California, Colorado and in states in the Midwest, and are in the application processes for municipal cannabis licenses in California, Missouri and New Jersey. Currently, its subsidiaries and managed entities are directly or indirectly engaged in the manufacture,

possession, use, sale, distribution or branding of hemp in the United States.

The United States federal government regulates drugs through the *Controlled Substances Act* (21 U.S.C.§ 811), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug. Under United States federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. The United States Food and Drug Administration has not approved marijuana as a safe and effective drug for any indication.

In the United States, marijuana is largely regulated at the state level. State laws regulating cannabis are in direct conflict with the federal *Controlled Substances Act*, which makes cannabis use and possession federally illegal. Although certain states authorize medical or adult use cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal and any such acts are criminal acts under federal law. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and, in case of conflict between federal and state law, the federal law shall apply.

On January 4, 2018, former U.S. Attorney General Jeff Sessions issued a memorandum to U.S. district attorneys which rescinded previous guidance from the U.S. Department of Justice specific to cannabis enforcement in the United States, including the Cole Memo (as defined herein). With the Cole Memo rescinded, U.S. federal prosecutors have been given discretion in determining whether to prosecute cannabis related violations of U.S. federal law, subject to budgetary constraints. On November 7, 2018, Mr. Sessions tendered his resignation as Attorney General at the request of President Donald Trump. Following Mr. Sessions' resignation, Matthew Whitaker began serving as Acting United States Attorney General, until February 14, 2019, when William Barr was appointed as the United States Attorney General. It is unclear what impact, if any, Mr. Sessions' resignation will have on U.S. federal government enforcement policy on marijuana.

There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the Controlled Substances Act with respect to medical and/or adult use cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that U.S. federal authorities may enforce current U.S. federal law. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed Jushi Holdings Inc.'s results of operations, financial condition and prospects would be materially adversely affected.

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memo discussed above, on February 8, 2018, the Canadian Securities Administrators published a staff notice 51-352 (Revised) – *Issuers with U.S. Marijuana-Related Activities* ("Staff Notice 51-352") setting out the Canadian Securities Administrator's disclosure expectations for specific risks facing issuers with cannabis-related activities in the United States. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry.

Jushi Holdings Inc.'s involvement in the U.S. cannabis market may subject Jushi Holdings Inc. to heightened scrutiny by regulators, stock exchanges, clearing agencies and other U.S. and Canadian authorities. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on Jushi Holdings Inc.'s ability to operate in the U.S. or any other jurisdiction.

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.

Cautionary Note 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 constitutes forward-looking information. Forward-looking information is often identified by the words, "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions and includes, among others, information regarding: future business strategy, competitive strengths, goals, expansion and growth of Jushi's business, operations and plans, including new revenue streams, the completion of contemplated acquisitions by Jushi of additional assets, roll out of new operations, the implementation by Jushi of certain product lines, implementation of certain research and development, the application for additional licenses and the grant of licenses that will be or have been applied for, the expansion or construction of certain facilities, the expansion into additional U.S. and international markets, any potential future legalization of adult use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the U.S. and the states in which Jushi operates; expectations for other economic, business, regulatory and/or competitive factors related to Jushi or the cannabis industry generally; and other events or conditions that may occur in the future.

Readers are cautioned that forward-looking information and statements are not based on historical facts but instead are based on reasonable assumptions and estimates of management of Jushi at the time they were provided or made and involve known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Jushi, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information and statements. Such factors include, among others, risks relating to the ability to complete the pipeline transactions; risks relating to U.S. regulatory landscape and enforcement related to cannabis, including political risks; risks relating to anti-money laundering laws and regulation; other governmental and environmental regulation; public opinion and perception of the cannabis industry; risks related to 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

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 November 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 in July, which hold collectively four permits allowing for 12 medical marijuana dispensaries in Pennsylvania, of which two were operational at closing under the Beyond/Hello brand, three more which have opened since closing. We expect the remaining seven dispensaries to open over the next twelve months.

(ii) Definitive agreement to acquire 80% of Agape Total Health Care Inc. ("Agape"), which 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. The Company's purchase of Agape is subject to customary closing conditions, including regulatory approvals.

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 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) Acquired 61.765% membership interests in Dalitso LLC in September, 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) We are currently building out a cultivation, manufacturing, retail facility in Prince William County near the City of Manassas.

Nevada:

(vii) Jushi received authorization to enter the greater Las Vegas, Nevada market under a management services agreement with Franklin Bioscience NV, LLC ("FBS Nevada"), and currently manages the operations of the cultivation and production facility in North Las Vegas. Pursuant to the transaction, Jushi also completed the purchase of the real estate associated with that facility.

(viii) Jushi 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. Jushi's purchase is subject to customary closing conditions, including regulatory approvals.

(ix) Additionally, the Nevada Department of Agriculture issued FBS Nevada a Hemp Handler's license.

Midwest:

(x) Jushi 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.

(xi) Jushi has entered into definitive documents to acquire two licensed medical cannabis dispensaries in Illinois, subject to closing conditions, including regulatory approvals.

New York:

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

Highlights from the three months ended September 30, 2019

Franklin Bioscience Pennsylvania Acquisition Completed – July 10, 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 five 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.

Virginia Acquisition Completed – September 23, 2019

The Company closed on its acquisition of 61.765% 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 ("FBS Nevada"). Pursuant to the transaction, Jushi purchased the real estate associated with FBS Nevada's facility in North Las Vegas, Nevada.

There is a purchase agreement in place to acquire 100% equity ownership of FBS 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.

FBS 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. The closing of the equity acquisition is 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.

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.

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, 19 retail cannabis licenses have been issued in the city by the California Bureau of Cannabis Control.

Jushi has signed a definitive agreement to purchase 75% of the membership interests 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 at a conversion price based on a specified historical volume weighted average trading price of the Shares, subject to a minimum of $2.30 and a maximum of $2.875 per Subordinate Voting 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 first half of 2020.

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.

Recent Developments

Minority Investment in Gloucester Street Capital, LLC ("GSC") – October 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 and owner of one of ten New York licensed medical cannabis operators. In October 2018, GSC executed definitive agreements to sell 100% of the company to Cresco Labs Inc. ("Cresco").

In October 2019, Jushi closed the sale of its 16.5% ownership interest in GSC. The approximate market value of the consideration received by Jushi for the sale of its 16.5% interest has a total value of approximately $15 million to $20 million, depending on the contingency payouts. The contingent consideration is tied to both performance of the Gloucester operations as well as development of the New York market.

Legal Settlement Proceeds

In October 2019, the Company received $5 million related to a confidential legal settlement, the effect of which was previously recorded in other income for the three and nine months ended September 30, 2019.

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 since inception and is currently closing acquisitions and investments in Cannabis and Hemp assets in the U.S. as well as considering strategic opportunities in Europe. Jushi had $28 million in cash and short-term investments, and almost $20 million in short-term financial assets and other current receivables at September 30, 2019. Jushi remains well-capitalized with $29.5 million in cash and short-term investments at October 31, 2019. 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. Jushi may contemplate additional debt or equity financing to fund further acquisitions, investments in new markets, as well as future debt maturities.

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 Imperial Beach, Marina and Martinez), Florida, Missouri, New Jersey and New York.

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 may become further commoditized in future years (such as California). In early stage, vertical limited license markets (such as Virginia 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 or franchise manufacturers and buy retail dispensaries, which Jushi contemplates in recreational markets such as Nevada. 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 dual strategy of improving on local brands, through purchases of successful local operators, as well as plans to expand on the success of its adult- use brand The Clinic™ and its medical brand Beyond/Hello™. The Company's hemp-derived physician formulated CBD products are also in development and new branding is expected to launch in the fourth quarter 2019.

Selected Financial Information

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

	Three Months Ended September 30, 2019 (unaudited)	Three Months Ended September 30, 2018 (unaudited)	Nine Months Ended September 30, 2019 (unaudited)	Period from January 23, 2018 (inception date) to September 30, 2018 (unaudited)
Revenue	$ 3,588,233	$ 120,792	$ 4,195,311	$ 250,363
Cost of goods sold	$ 2,066,153	$ -	$ 2,078,586	$ -
Gross profit	$ 1,548,199	$ 120,792	$ 2,142,844	$ 250,363
Net income (loss)	$ 4,156,317	$ (2,329,915)	$ (13,641,340)	$ (14,544,589)
Net income (loss) and comprehensive income (loss) attributable to Jushi stockholders - basic and diluted	$ 4,226,862	$ (2,329,915)	$ (13,570,795)	$ (14,544,589)
Net income (loss) per share - basic	$ 0.05	$ (0.05)	$ (0.18)	$ (0.56)
Net income (loss) per share - diluted	$ 0.04	$ (0.05)	$ (0.18)	$ (0.56)

	September 30, 2019 (unaudited)	June 30, 2019 (unaudited)	December 31, 2018
Assets:			
Cash and cash equivalents	$ 26,781,331	$ 86,735,344	$ 38,113,861
Short-term investments	$ 1,263,167	$ 1,253,345	$ 1,233,228
Total assets	$ 185,369,845	$ 127,510,512	$ 50,180,794
Liabilities:			
Long-term liabilities	$ 23,349,452	$ 9,102,094	$ 7,388,547
Total liabilities	$ 46,256,608	$ 14,947,301	$ 8,664,629

Discussion of Operations

	Three Months Ended September 30, 2019 (unaudited)	Three Months Ended September 30, 2018 (unaudited)	Nine Months Ended September 30, 2019 (unaudited)	Period from January 23, 2018 (inception date) to September 30, 2018 (unaudited)
Revenue	$ 3,588,233	$ 120,792	$ 4,195,311	$ 250,363
Cost of goods sold	2,066,153	-	2,078,586	-
Gross profit before fair value adjustments	$ 1,522,080	$ 120,792	$ 2,116,725	$ 250,363
Fair value adjustment on sale of inventory	-	-	-	-
Fair value adjustment on biological assets	26,119	-	26,119	-
Gross profit	$ 1,548,199	$ 120,792	$ 2,142,844	$ 250,363
Operating expenses:				
General and administrative expenses	$ 3,598,900	$ 1,710,369	$ 10,085,762	$ 2,989,650
Salaries, wages and employee benefits	3,995,377	561,708	9,441,982	1,081,660
Share-based compensation expense	1,821,285	238,447	3,752,076	2,083,049
Acquisition and deal costs	29,618	30,299	2,509,528	144,099
Depreciation and amortization expense	786,511	64,677	1,199,927	137,087
Total operating expenses	$ 10,231,691	$ 2,605,500	$ 26,989,275	$ 6,435,545
Loss from operations before other income (expense)	$ (8,683,492)	$ (2,484,708)	$ (24,846,431)	$ (6,185,182)
Total other income (expense)	$ 13,228,980	$ 154,793	$ 11,594,262	$ (8,359,407)
Net income (loss) and comprehensive income (loss) before tax	$ 4,545,488	$ (2,329,915)	$ (13,252,169)	$ (14,544,589)
Income tax expense	(389,171)	-	(389,171)	-
Net income (loss) and comprehensive income (loss) after tax	4,156,317	(2,329,915)	(13,641,340)	(14,544,589)
Net loss attributable to non-controlling interests	(70,545)	-	(70,545)	-
Net income (loss) and comprehensive income (loss) attributable to Jushi stockholders - basic and diluted	$ 4,226,862	$ (2,329,915)	$ (13,570,795)	$ (14,544,589)
Income (loss) and comprehensive income (loss) per share - basic	$ 0.05	$ (0.05)	$ (0.18)	$ (0.56)
Weighted average shares outstanding - basic	$ 93,238,354	$ 46,243,281	$ 75,598,787	$ 25,991,805
Income (loss) and comprehensive income (loss) per share - diluted	$ 0.04	$ (0.05)	$ (0.18)	$ (0.56)
Weighted average shares outstanding - diluted	$ 110,039,102	$ 46,243,281	$ 75,598,787	$ 25,991,805

Three and Nine Months Ended September 30, 2019

Revenue

Revenue for the three months ended September 30, 2019 totaled $3.6 million, as compared to $0.1 million for the same period in 2018, a $3.5 million increase. Revenue for the nine months ended September 30, 2019 totaled $4.2 million, as compared to $0.3 million for the same period in 2018, a $3.9 million increase. The increase in revenue is due primarily to the acquisition and commencement of retail operations in Pennsylvania and cultivation and manufacturing in Nevada.

Had the acquisitions of FBS Penn and FBS Nevada occurred on January 1, 2019, additional revenues of $5.1 million would have been included in the condensed interim consolidated statements of operations and comprehensive loss for the nine months ended September 30, 2019.

Cost of Goods Sold

Cost of goods sold, which excludes fair value adjustments on sale of inventory and on biological assets, totaled $2.1 million for both the three and nine months ended September 30, 2019, as compared to $nil for the comparative periods in 2018. As a percentage of revenue, cost of goods sold for the three months ended September 30, 2019 was 58%. As a percentage of revenue, cost of goods sold for the nine months ended September 30, 2019 was 50%.

Gross Profit

Gross profit is calculated as revenue less cost of goods sold, fair value adjustments on the sale of inventory and fair value adjustments on biological assets. Gross profit totaled $1.5 million for the three months ended September 30, 2019, as compared to $0.1 million of the same period in 2018. As a percentage of revenue, gross profit for the three months ended September 30, 2019 was 43%. Gross profit totaled $2.1 million for the nine months ended September 30, 2019, as compared to $0.3 million of the same period in 2018. As a percentage of revenue, gross profit for the nine months ended September 30, 2019 was 51%.

The primary factors that can impact gross profit include the mix of products sold, changes in inventory reserves and biological asset adjustments.

The fair value adjustments on biological assets was $0.03 million of expense for both the three and nine months ended September 30, 2019. As percentage of revenue, gross profit excluding fair value adjustments for the three and nine months ended September 30, 2019 was 42% and 50%, respectively. The fair value adjustments on biological assets are the gains or losses arising from changes in fair value less costs to sell during the period and are included in the statements of operations and other comprehensive income (loss) of the related period. Determination of the fair values of the biological assets requires the Company to make estimates and assumptions about how market participants assign fair values to the biological assets. These estimates and assumptions primarily relate to the level of effort required to bring the plants up to the point of harvest, sales price and expected remaining future yields for the plants.

Operating Expenses

Operating expenses comprise general and administrative expenses, salaries and employee benefits, share-based compensation expense, deal and acquisition-related costs and depreciation and amortization expense.

General and Administrative Expenses

General and administrative expenses, which excludes salaries, wages, employee benefits and share-based compensation expense, includes: (i) professional fees and legal expense, legal fees and expenses, accounting and consulting fees; (ii) marketing, advertising and selling costs; (iii) application and administration fees; (iv) rent, utilities and maintenance; (v) taxes, permits, insurance and other fees; (vi) travel, entertainment and conference expenses; (vi) third-party software expenses including maintenance and support; (vii) banking and credit card processing fees; and (vii) other operating expenses.

General and administrative expenses ("G&A") was $3.6 million and $10.1 million for the three and nine months ended September 30, 2019, respectively, as compared to $1.7 million and $3.0 million for the

comparative periods in 2018, respectively, an increase of $1.9 million and $7.1 million, respectively. G&A for the nine months ended September 30, 2019 includes one-time RTO costs of $3.2 million, travel expense of $1.1 million, advertising and marketing of $0.7 million, application fees of $0.6 million, and insurance expense of $0.6 million.

Salaries, Wages and Employee Benefits

Salaries, wages and employee benefits ("S&W"), which excludes share-based compensation expense, was $4.0 million and $9.4 million for the three and nine months ended September 30, 2019, respectively, compared to $0.6 million and $1.1 in the comparative periods in 2018, respectively. The increase in S&W is primarily to an increase in headcount from acquisitions and to support growth of the business.

Share-Based Compensation Expense

Non-cash share-based compensation expense totaled $1.8 million and $3.8 million for the three and nine months ended September 30, 2019, respectively, compared to $0.2 million and $2.1 million in the comparative periods in 2018. The increase is primarily to an increase in headcount from acquisitions and growth of the business.

Acquisition and Deal Costs

Acquisition and deal costs totaled $0.0 million and $2.5 million for the three and nine months ended September 30, 2019, respectively, compared to $0.0 million and $0.1 million for the comparative periods in 2018, respectively. The increase for the nine months ended September 30, 2019 is related to expensed deal costs from targeted and acquired businesses.

Depreciation and Amortization Expense

Depreciation and amortization expense totaled $0.8 million for the three months ended September 30, 2019, as compared to $0.1 for the three months ended September 30, 2018, an increase of $0.7 million. Depreciation and amortization expense totaled $1.2 million for the nine months ended September 30, 2019, as compared to $0.1 million for the comparative period in 2018, an increase of $1.1 million, of which $0.2 million was due to depreciation for right-of-use assets.

Other Income (Expense)

Net other income, was $13.2 million for the three months ended September 30, as compared to $0.2 million for the three months ended September 30, 2018, an increase of approximately $13.1 million. Net other income for the three months ended September 30, 2019 included a gain on investment of $9.2 million, other income of $5.0 million relating to a confidential legal settlement and interest income of $0.1 million, partially offset by interest expense and finance charges of $1.0 million. Net other income for the three months ended September 30, 2018 included interest income of $0.2 million, partially offset by interest expense and finance charges of $0.1 million. The gain on investment in 2019 relates to the Company's sale of its ownership interest in GSC. The increase in interest expense and finance charges for both the three and nine months is primarily related to the notes entered into by the Company in connection with its recent acquisitions. Interest income in 2018 was related to notes receivable that were sold in 2018.

Net other income was $11.6 million for the nine months ended September 30, 2019, as compared to approximately $8.4 million of net other expense for the comparative period in 2018, an increase of approximately $20.0 million. Net other income for the nine months ended September 30, 2019 included the above-mentioned gain on investment of $9.2 million and other income of $5.0 million relating to a confidential

legal settlement, as well as interest income of $0.2 million, partially offset by 2019 Jushi listing expenses of $1.4 million, interest expense and finance charges of $1.2 million, and bad debt expense of $0.2 million. Net other expense for the period from January 23, 2018 (inception date) to September 30, 2018 included impairment of goodwill of $9.0 million and interest and finance charges of less than $0.1 million, partially offset by interest income of $0.7 million. The increase in interest expense and finance charges of $1.2 million is primarily related to the notes entered into by the Company in connection with its 2019 acquisitions. Interest income in 2018 was related to notes receivable that were sold in 2018.

Net Income (Loss)

Net income and net income attributable to controlling shareholders was $4.4 million for the three months ended September 30, 2019, as compared with a net loss of $2.3 million for the three months ended September 30, 2018. Net loss and net loss attributable to controlling shareholders for the nine months ended September 30, 2019 was $13.4 million, as compared with $14.5 for the comparative period in the prior year. Net income (loss) for both the three and nine months ended September 30, 2019 includes taxation expense of $0.4 million, which relates to the taxable gross profit generated from the Company's retail sales. Net loss attributable to non-controlling interests relates to expenses attributable to Dalitso non-controlling interests and other non-controlling interests.

Liquidity and Capital Resources

Sources and Uses of Cash

The Company had cash of $26.8 million, short term investments of $1.3 million, total current assets of $59.5 million and current liabilities of $22.9 million as at September 30, 2019. The Company therefore had net working capital of $36.6 million.

Cash used in operations during the nine months ended September 30, 2019 totaled $22.1 million, compared to $2.6 million provided by operations for the same period in 2018. The increase in cash used in operations for the nine months ended September 30, 2019 is primarily due to an increase in operating expenses and net changes in operating assets and liabilities, partially offset by increased revenues for the nine months ended September 30, 2019, as compared with the same period in 2018.

Net cash used in investing activities totaled $58.3 million for the nine months ended September 30, 2019 compared to $3.4 million for the same period in 2018. The net increase in net cash used in investing activities for the nine months ended September 30, 2019 was primarily due to $47.0 million in payments for acquisitions of businesses, related real estate and purchases of intangible assets, $4.3 million for payments of deferred acquisitions costs and $6.9 million for the purchases of property, plant and equipment for use in the Company's operations.

Net cash provided by financing activities totaled $69.1 million for the nine months ended September 30, 2019 compared to $44.4 million for the same period in 2018. The increase in net cash provided by financing activities for the nine months ended September 30, 2019 resulted primarily from receipt of cash from the issuance of stock of $79.5 million and $0.6 million in proceeds from the exercise of share-based compensation, partially offset by payments of notes payable of $10.6 million and payments of lease obligations of $0.4 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 September 30, 2019, the Company had 91,459,305 Subordinate Voting Shares issued, 149,000 Super Voting Shares which carry 1,000 votes per share and are convertible into 100 Subordinate Voting Shares per share, 4,000,000 Multiple Voting Shares which carry 10 vote per share and are convertible into 1 Subordinate Voting Share per share, 59,190,010 warrants outstanding (on an as converted basis), 4,800,015 restricted stock awards (included in the Subordinate Voting Shares outstanding), and 9,241,333 stock options outstanding. On October 31, 2019 the Company had 92,209,305 subordinate voting shares, 149,000 Super Voting Shares, 4,000,000 Multiple Voting Shares, 58,440,010 warrants (on an as converted basis), 4,800,015 restricted stock awards (included in the Subordinate Voting Shares outstanding), and 9,241,333 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 15 to the September 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 September 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. Refer to "Risks Related to the Business of Jushi" below.

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As at September 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 or referred to in Note 16 to the September 2019 Financial Statements, there are no additional related party transactions.

Accounting Policies, Critical Judgments and Estimates

The preparation of the Company's September 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 September 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 appropriate, 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 September 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 September 30, 2019, that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting. The Company has substantially integrated the operations of the businesses acquired during the third quarter of 2019. Consequently, management has designed and implemented internal controls over financial reporting that have been impacted by these acquisitions. Other than the foregoing, 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. On October 31, 2019, the USDA published an interim final rule for the establishment of a domestic hemp production program. The rule has a sixty-day comment period and is effective from October 31, 2019 through November 1, 2021. 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 rule constructs 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 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 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.

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.

Risks related to a loss of Foreign Private Issuer status

The Company may lose its status as a Foreign Private Issuer if, as of the last business day of the Company's second fiscal quarter for any year, more than 50% of the Company's outstanding voting securities (as determined under Rule 405 of the U.S. Securities Act) are directly or indirectly held of record by residents of the United States. The Company could lose its status as a Foreign Private Issuer as a result of all or a portion of the Super Voting Shares directly or indirectly held of record by U.S. residents are converted into Subordinate Voting Shares. In addition, the Company could potentially lose its Foreign Private Issuer status as a result of future issuances of its shares from treasury to the extent such shares are acquired by U.S. residents. Loss of Foreign Private Issuer status may have adverse consequences on the Company's ability to issue its securities to acquire companies and its ability to raise capital in private placements or Canadian prospectus offerings. In addition, loss of the Company's Foreign Private Issuer status would likely result in increased reporting requirements and increased audit, legal and administration costs. Further, should the Company seek to list on a securities exchange in the United States, in the future loss of Foreign Private Issuer status may increase the cost and time required for such a listing. These increased costs may have a material adverse effect on the business, financial condition or results of operations of the Company.

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, and could result in a decrease in asset values, write-downs or impairment charges. 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.

APPENDIX E

Tanzania Minerals Corp. Management's Discussion and Analysis

Dated: July 30, 2019

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

This Management's Discussion and Analysis ("MD&A") covers the financial statements of Tanzania Minerals Corp. (the "Company") as at May 31, 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 February 28, 2019 (the "Annual Financial Statements"). The information contained in this report is current to July 30, 2019 and has been reviewed by the Company's auditors.

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 Canadian dollars unless otherwise noted. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Annual Financial Statements.

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 Board of Directors approves the Financial Statements and MD&A, and ensures that the Company's officers have discharged their financial responsibilities. The Board's review is accomplished principally through the Audit Committee, which reviews and approves all financial reports prior to filing.

FORWARD-LOOKING STATEMENT

Certain statements in this report may constitute forward-looking statements that are subject to risks and uncertainties. A number of important factors could cause actual outcomes and results to differ materially from those expressed in these forward-looking statements. Consequently, readers should not place any undue reliance on such forward-looking statements. In addition, these forward-looking statements relate to the date on which they were made.

CORPORATE OVERVIEW

The Company was incorporated under the laws of British Columbia on June 29, 2007.

On April 26, 2018, the Company consolidated its share capital on the basis of one post consolidated common share for every 30 pre-consolidated common shares. All common share and per common share amounts, including options and warrants, in these financial statements have been adjusted to give retroactive effect to the share consolidation.

On May 14, 2018, the Company announced that James Walchuck resigned as President, Chief Executive Officer and a member of the Board of Directors. The Company has appointed Rob Dzisiak (currently the Chief Financial Officer of the Company, which position he will resign effective immediately) the interim President and Chief Executive Officer of the Company and Lorilee Kozuska (currently the Company's controller) as interim Chief Financial Officer of the Company.

On July 4, 2018, the Company announced the closing of a private placement offering (the "Offering") of $629,994 of gross proceeds based on the issuance of 6,999,932 units (the "Units") at a price of $0.09 per Unit. Each Unit consists of one common share (a "Common Share") and one common share purchase warrant (a "Warrant"). Each Warrant entitles the holder to acquire one common share at an exercise price of $0.12 until July 4, 2019 (with a restriction on the exercise of the warrants in the event that the holder would own more than 9.99% of the issued and outstanding common shares of the Company as a result of such exercise). The Company paid arm's length finder's fees of $36,606. The Common Shares and Warrants are subject to a resale restriction until November 5, 2018. Closing of the Offering remains subject to receipt of all necessary regulatory approvals, including final approval of the TSX Venture Exchange.

One of the directors and the spouse of one of the directors of the Company acquired a portion of the Offering, and their participation (the "Insider Participation") is considered to be a "related party transaction" as defined under Multilateral Instrument 61-101 ("MI 61-101"). The Insider Participation is exempt from the formal valuation and minority shareholder approval requirements of MI 61-101.

The net proceeds of the private placement will be used for the repayment of debt as well as for general corporate purposes.

On July 18, 2018, the Company announced the resignation of David Eaton as a member of the Board of Directors. The Company has appointed Bev Funston as a member of the Board of Directors of the Company effective immediately.

On August 16, 2018, the Company announced the resignation of Grant Hall as a member of the Board of Directors. The Company has appointed Daniel Caamano as a member of the Board of Directors of the Company effective immediately.

On November 5, 2018, the Company announced that it had entered into a letter agreement dated as of November 2, 2018 (the "Letter Agreement") with Jushi Inc. ("Jushi"). The Letter Agreement outlined the proposed terms and conditions pursuant to which the Company and Jushi would effect a business combination that would result in a reverse takeover of the Company by the security holders of Jushi. The Letter Agreement was negotiated at arm's length.

On March 25, 2019, the Company sold its inactive wholly-subsidiary 0886940 B.C. Ltd. to a director of the Company for nominal consideration. Tansmin Resources (Tanzania) Limited is owned by 0886940 B.C. Ltd. and, accordingly, is also disposed of.

On June 5, 2019 the Company and Jushi Inc. ("Jushi") announced the completion of a previously announced private placement of 24,800,898 subscription receipts at a price of US$2.75 per subscription receipt for aggregate gross proceeds of approximately US$68,200,270 (the "offering") representing an up-

size of approximately US$18,200,270 from the US$50,000,000 base offering. Eight Capital acted as lead agent in connection with the Offering together with a syndicate of agents including GMP Securities L.P., Echelon Wealth Partners, Inc., Haywood Securities, Inc. and PI Financial Corp.

The offering was completed in connection with the business combination that resulted in a reverse takeover of the Company by the security holders of Jushi. The reverse takeover was successfully completed on June 6, 2019 and the Company continued with the business of Jushi under the name "Jushi Holdings Inc." (the "resulting issuer").

Additionally, Tanzania and Jushi are pleased to announce that the Aequitas Neo Exchange Inc. approved the listing of subordinate voting shares of the resulting issuer (the "subordinate voting shares") under the trading symbol "JUSH". The listing of the subordinate voting shares occurred on June 10, 2019.

The listing of the subordinate voting shares was subject to, among other things, satisfaction of the customary listing conditions of the NEO and the completion of the transaction as contemplated in the letter agreement dated November 2, 2018 between the Company and Jushi (Note 11).

Upon completion of the transaction, Jushi intended to use the proceeds from the offering to fund its multi-state acquisition strategy, working capital needs and general corporate purposed.

SUMMARY

There are no business activities during the current fiscal period.

RESULTS OF OPERATIONS

For the three months ended May 31, 2019

The following analysis of the Company's operating results for the three months ended May 31, 2019, includes a comparison against the previously completed three months ended May 31, 2018.

Revenue:
The company has no revenue, as there are no active business operations.

Expenses:

Consulting fees for the three months ended May 31, 2019 were $21,500 compared to $5,000 for the three months ended May 31, 2018. The increase in costs is reflective of the Company's CEO and director's fees in the current period.
General and administration costs for the three months ended May 31, 2019 were $10,119 compared to $5,325 for the three months ended May 31, 2018. The increase in costs is primarily reflective of the Company's regulatory fees and rent in the current period.

Professional fees for the three months ended May 31, 2019 were $25,558 compared to $14,383 for the three months ended May 31, 2018. The increase in costs is primarily reflective of accounting and legal fees in the current period.

Income for the period
The net income for the three months ended May 31, 2019 was $893,044 as compared to $24,708 for the three months ended May 31, 2018. This represents an increase of net income of $868,336 and is primarily due to the items discussed above, a gain on sale of $55,395 and a cumulative translation adjustment gain of 894,826 in the current period.

SELECTED ANNUAL INFORMATION

	Year ended February 28, 2019	Year ended February 28, 2018	Year ended February 28, 2017
Interest income	$-	$-	$-
Net loss	$(128,690)	$(142,972)	$(95,816)
Basic & diluted loss per share	$(0.02)	$(0.06)	$(0.04)
Total assets	$118,554	$4,979	$43,121
Total long-term liabilities	$-	$-	$-
Cash dividends	$-	$-	$-

SUMMARY OF QUARTERLY RESULTS

	1st Quarter Ended May 31, 2019	**4th Quarter Ended February 28, 2019**	**3rd Quarter Ended November 30, 2018**	**2nd Quarter Ended August 31, 2018**
(a) Revenue	$ -	$ -	$ -	$ -
(b) Net income (loss) for period	$893,044	$(45,035)	$(27,037)	$(31,910)
(c) Net income (loss) per share[1]	$0.00	$(0.01)	$(0.01)	$(0.01)
(d) Total assets	$37,131	$118,554	$129,160	$183,921
(e) Total liabilities	$12,146	$91,787	$59,297	$85,500
	1st Quarter Ended May 31, 2018	**4th Quarter Ended February 28, 2018**	**3rd Quarter Ended November 30, 2017**	**2nd Quarter Ended August 31, 2017**
(a) Revenue	$ -	$ -	$ -	$ -
(b) Net loss for period	$(24,708)	$(142,972)	$358	$17,712
(c) Net loss per share[1]	$(0.00)	$(0.06)	$(0.00)	$(0.01)
(d) Total assets	$1,785	$4,979	$5,582	$30,835
(e) Total liabilities	$455,340	$433,227	$291,020	$296,117

[1] Numbers have been rounded to the next decimal for presentation purposes.

The Company is in the business of exploration and evaluation of mineral properties, and therefore has had no revenue to report since inception. The Company's operating costs consist primarily of corporate consulting, professional fees and travel costs.

LIQUIDITY

The financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. The financial statements do not reflect adjustments that may be necessary if the going concern assumption were not appropriate. If the going concern basis were not appropriate, adjustments may be necessary to the carrying amounts and/or classification of assets and/or liabilities and the reported expenses in these consolidated financial statements. Such adjustments could be material.

As at May 31, 2019, the Company has accumulated losses of $16,734,708 since its inception and expects to incur further losses in pursuit of its mineral exploration opportunities. The Company has cash of $30,431 as at May 31, 2019, and its working capital surplus of $24,985 is considered to be sufficient to meet its short-term business requirements.

The Company's ability to continue as a going concern in the long term is dependent upon its ability to generate future profitable operations and/or to obtain the necessary financing to meet its obligations and

repay its liabilities arising from normal business operations when they come due. The Company must utilize its current cash reserves, funds obtained from the exercise of warrants and stock options and other financing transactions to maintain the Company's capacity to meet working capital requirements and ongoing exploration program, or to fund any further development activities. See "Risk Factors" of this MD&A.

As at the date of this report, the Company's cash position is insufficient to cover initial exploration initiatives and administrative expenses for the next fiscal year. The ability of the Company to continue as a going concern is dependent on its ability to obtain additional equity financing and achieve future profitable operations. Consequently, the Company may seek future financing by means of private placements or debt financing in order to fund its exploration activities. There is no guarantee that additional financing will be available or that it will be available on terms acceptable to management of the Company. No assurance can be given that the Company will be successful in raising the funds required to realize on the Company's exploration programs. These factors all cast doubt about the liquidity of the Company and its ability to continue as a going concern.

CAPITAL RESOURCES

The Company defines capital as consisting of equity, being comprised of issued capital stock, reserves, deficit and accumulated other comprehensive income. The Company's objectives when managing capital are primarily to support the creation of shareholder value, but also to ensure that the Company is able to meet its financial obligations as they become due. The Company has not declared or paid any dividends on its common shares.

The Company's officers and senior management take full responsibility for managing the Company's capital and do so through periodic meetings and regular review of financial information. The Company's Board of Directors is responsible for overseeing this process.

FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, receivables, and accounts payable and accrued liabilities. The fair value of the Company's receivables, and accounts payable and accrued liabilities approximate the carrying value, which is the amount on the consolidated statements of financial position dates due to their short-term maturities or ability of prompt liquidation.

Credit risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. The Company believes it has no significant credit risk as the majority of its cash is held at a large Canadian bank.

The Company's receivables consist mainly of input tax credits receivable from the Government of Canada, and as a result the Company does not believe it is subject to significant credit risk.

Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at May 31, 2019, the Company had cash of $30,431 to settle current liabilities of $12,146. The Company's liquidity is dependent on its ability to obtain additional equity financing.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest rate risk

The Company has cash and cash equivalents balances and no interest bearing debt. The interest earned on cash and cash equivalents is insignificant, and the Company does not rely on interest received to fund its operations. As a result, the Company is not at a significant risk to fluctuating interest rates.

b) Currency risk

The Company's operations are in Canada and the operating results and the financial position of the Company are reported in Canadian dollars.

c) Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices of gold and copper, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

SHARE CAPITAL

Authorized: Unlimited common shares without par value
Unlimited preferred shares without par value

Issued and Outstanding:

The Company has the following common shares issued and outstanding:

Security Description	May 31, 2019
Common shares	9,405,038
Stock Options	14,167
Warrants	6,999,932

TRANSACTIONS WITH RELATED PARTIES

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	For the three months ended	
	May 31, 2019	May 31, 2018
Consulting and directors fees	$ 27,500	$ 16,000
	$ 27,500	$ 16,000

Other related parties

As at May 31, 2019, $6,300 (February 28, 2019, $2,176) was included in accounts payable due various related parties.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

ACCOUNTING POLICIES

For a summary of the Company's significant accounting policies and new standards adopted during the year, see Note 4 to the Annual Audited Financial Statements for the year ended February 28, 2019.

New accounting pronouncements

The Company has initially adopted IFRS 15 Revenue from contracts with customers and IRFS 9 Financial instruments from March 1, 2018. The effect of initially applying these standards did not have a material impact on the Company's financial statements. In the case of IFRS 15, because the Company does not have any revenue from contracts with customers the adoption of this standard did not have any effect on the Company's financial statements.

RISKS AND UNCERTAINTIES

Resource exploration and evaluation is characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but from finding mineral deposits which, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations of metal prices, the proximity and capacity of milling facilities, mineral markets, processing reagents and equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environment protection, the combination of which factors may result in the Company not receiving an adequate return on investment capital.

Exploration and Evaluation Efforts May Not Be Successful
There is no certainty that the expenditures to be made by the Company in the exploration of its properties as described herein will result in the discovery of mineralized material in commercial quantities. Most exploration projects do not result in the discovery of commercially mineable ore deposits and no assurance can be given that any particular level of recovery of ore reserves will in fact be realized or that any identified mineral deposit will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. Estimates of reserves, mineral deposits and production costs can also be affected by such factors as environmental permitting regulations and requirements, weather, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions. In addition, the grade of ore ultimately mined may differ from that indicated by drilling results. Short term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also have an adverse effect on mining operations and on the results of operations. There can be no assurance that minerals recovered in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale. Material changes in ore reserves, grades, stripping ratios or recovery rates may affect the economic viability of any project.

Lack of Cash Flow
None of the Company's properties have advanced to the commercial production stage and the Company has no history of earnings or cash flow from operations. The Company does not expect to generate material revenue from mining operations or to achieve self-sustaining commercial mining operations for several years. The Company has paid no dividends on its shares since inception and does not anticipate doing so in the foreseeable future. Historically, the only source of funds available to the Company is through the sale of its securities. Future additional equity financing would cause dilution to current shareholders.

No Proven Reserves and Resources
The properties in which the Company has an interest or the right to earn an interest are in the exploratory stage only and are without a known body of ore in commercial production.

No Guarantee of Clear Title to Mineral Properties
While the Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties and properties in which it has the right to acquire or earn an interest are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects.

Uncertainty of Obtaining Additional Funding Requirements
Programs planned by the Company may necessitate additional funding, which could cause a dilution of the value of the investment of the shareholders of the Company. The recuperation value of mining properties indicated in the statement of financial position depends on the discovery of mineralization that can be profitably exploited and on the Company's capacity to obtain additional funds in order to realize these programs.

The Company's exploration activities can therefore be interrupted at any moment if the Company is incapable of obtaining the necessary funds in order to continue any additional activities that are necessary and that are not described in the exploration programs outlined in the Company's geological report for its properties.

Mineral Prices May Not Support Corporate Profit
The mining industry in general is intensely competitive and there is no assurance that, even if commercial quantities of mineral resources are developed, a profitable market will exist for the sale of same. Factors beyond the control of the Company may affect the marketability of any substances discovered. The price of minerals is volatile over short periods of time, and is affected by numerous factors beyond the control of the Company, including international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining techniques.

Competition
The mining industry is intensively competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for the recruitment and retention of qualified employees.

Environmental Regulations
The current and future operations of the Company, including further exploration, development activities and commencement of production on its properties, require permits from various Provincial, Federal and State governmental authorities.

Such operations are subject to various laws governing land use, the protection of the environment, production, exports, taxes, labor standards, occupational health, waste disposal, toxic substances, mine safety and other matters. There can be no assurance, however, that all permits which the Company may require for construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties. Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions there under, 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.

Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violation of applicable laws or regulations.

Environmental Impact
The Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future and anticipates that such obligations will only arise when full scale development commences. As the Company's project is still in the exploration and evaluation stage and no significant environmental impact has occurred to date, the Company does not currently consider that expenditures required meeting any ongoing environmental obligations at the projects material to its results or to financial condition to the Company at this time. However, these costs may become material in the future and will be reported in the Company's filings at that time.

Uncertainty of Reserves and Mineralization Estimates
There are numerous uncertainties inherent in estimating proven and probable reserves and mineralization, including many factors beyond the control of the Company. The estimation of reserves and mineralization is a subjective process and the accuracy of any such estimates is a function of the quality of available data and of engineering and geological interpretation and judgment. Results of drilling, metallurgical testing and production and the evaluation of mine plans subsequent to the date of any estimate may justify revision of such estimates. No assurances can be given that the volume and grade of reserves recovered and rates of production will not be less than anticipated. Assumptions about prices are subject to greater uncertainty and metal prices have fluctuated widely in the past. Declines in the

market price of base or precious metals also may render reserves or mineralization containing relatively lower grades of ore uneconomic to exploit. Changes in operating and capital costs and other factors including, but not limited to, short-term operating factors such as the need for sequential development of ore bodies and the processing of new or different ore grades, may materially and adversely affect reserves.

Operating Hazards and Risks Associated with the Mining Industry
Mining operations generally involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. Hazards such as unusual or unexpected formations and other conditions are involved.

Operations in which the Company has a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of precious and base metals, any of which could result in work stoppages, damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage. The Company may become subject to liability for cave-ins and other hazards for which it cannot insure or against which it may elect not to insure where premium costs are disproportionate to the Company's perception of the relevant risks. The payment of such insurance premiums and of such liabilities would reduce the funds available for exploration activities.

The Ability to Manage Growth
Should the Company be successful in its efforts to develop its mineral properties or to raise capital for other mining ventures it will experience significant growth in operations. If this occurs management anticipates that additional expansion will be required in order to continue development. Any expansion of the Company's business would place further demands on its management, operational capacity and financial resources. The failure to manage growth effectively could have a material adverse effect on the Company's business, financial condition and results of operations.

Lack of Dividend Policy
The Company does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from the Company will remain subject to the discretion of the Company's Board of Directors and will depend on results of operations, cash requirements and future prospects of the Company and other factors.

Possible Dilution to Present and Prospective Shareholders
The Company's plan of operation, in part, contemplates the accomplishment of business negotiations by the issuance of cash, securities of the Company, or a combination of the two, and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued common shares, or securities convertible into common shares, would result in dilution, possibly substantial, to present and prospective holders of common shares.

Dependence on Key Personnel
The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term.

As the Company's operations expand, additional general management resources will be required, especially since the Company encounters risks that are inherent in doing business in several countries.

Conflict of Interest
Certain directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploring natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Lack of Trading
The lack of trading volume of the Company's shares reduces the liquidity of an investment in the Company's shares.

Volatility of Share Price
Market prices for shares of early stage companies are often volatile. Factors such as announcements of mineral discoveries, financial results, and other factors could have a significant effect on the price of the Company's shares.

CORPORATE GOVERNANCE

Management of the Company is responsible for the preparation and presentation of the financial statements and the accompanying notes, the MD&A, and other information contained in this report. Management also has the responsibility for the maintenance of adequate accounting records and internal controls, prevention and detection of fraud and errors, safeguarding of assets, selection, and application of suitable policies, and appropriate disclosure and the timely disclosure of financial information in the financial statements. The preparation of the financial statements in accordance with IFRS is also the responsibility of management.

APPROVAL

The Board of Directors of the Company has approved the disclosure contained in this MD&A.

ADDITIONAL INFORMATION

Additional information relating to the Company can be found on SEDAR at www.sedar.com