THESE FINANCIAL STATEMENTS FOR JUSHI HOLDINGS INC. ARE ALSO INCLUDED IN THE FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2024, FILED ON SEDAR IN ITS ENTIRETY

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K (this "report") may contain "forward-looking statements" and "forward-looking information" within the meaning of applicable securities laws, including Canadian securities legislation and United States ("U.S.") securities legislation (collectively, "forward-looking information") which are based upon the Company's current internal expectations, estimates, projections, assumptions and beliefs. All information, other than statements of historical facts, included in this report that address activities, events or developments that the Company expects or anticipates 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 the Company's business, operations and plans, including new revenue streams; the integration and benefits of recently acquired businesses or assets; roll out of new operations; the implementation by the Company of certain product lines; the 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 reduction in the number of our employees; 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 the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future.

Readers are cautioned that forward-looking information is not based on historical facts but instead is based on reasonable assumptions and estimates of the management of the Company at the time they were provided or made and such information involves known and unknown risks, uncertainties, including our ability to continue as a going concern, and other factors that may cause the actual results, level of activity, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others discussed in detail in Item 1A. Risk Factors in Part I of this Form 10-K: the limited operating history of the industry and the Company; risks related to managing the growth of the Company including completed, pending or future acquisitions or dispositions, including potential future impairment of goodwill or intangibles acquired and/or post-closing disputes; risks related to the continued performance, expansion and/or optimization of existing operations in California, Illinois, Massachusetts, Nevada, Ohio, Pennsylvania, and Virginia; risks related to the anticipated openings of additional dispensaries or relocation of existing dispensaries subject to licensing approval; the Company's history of operating losses and negative operating cash flows; increasing competition in the industry; risks inherent in an agricultural business, such as the effects of natural disasters; reliance on the expertise and judgment of senior management of the Company; risks associated with cannabis products manufactured for human consumption including potential product recalls; limited research and data relating to cannabis; constraints on marketing products; risk of litigation; insurance-related risks; public opinion and perception of the cannabis industry; risks related to the economy generally; fraudulent activity by employees, contractors and consultants; risks relating to the Company's current amount of indebtedness; reliance on key inputs, suppliers and skilled labor, and third party service provider contracts; reliance on manufacturers and contractors; risks of supply shortages or supply chain disruptions; risks relating to pandemics and forces of nature; risks related to the enforceability of contracts; risks related to inflation, the rising cost of capital, and stock market instability; risks relating to U.S. regulatory landscape and enforcement related to cannabis, including political risks; risks relating to anti-money laundering laws and regulation; cannabis-related tax risks and challenges from governmental authorities with respect to the Company's application for Employee Retention Tax Credits (ERTC); other governmental and environmental regulation; risks related to proprietary intellectual property and potential infringement by third parties; sales of a significant amount of shares by existing shareholders; the limited market for securities of the Company; risks relating to the need to raise additional capital either through debt or equity financing; costs associated with the Company being a publicly-traded company and a U.S. and Canadian filer; risks related to co-investment with parties with different interests to the Company; conflicts of interest and related party transactions; cybersecurity risks; and risks related to the Company's critical accounting policies and estimates.

Although the Company 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 will prove to be accurate as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on the forward-looking information contained in this report or other forward-looking statements made by the Company. Forward-looking information is provided and made as of the date of this Annual Report on Form 10-K and the Company does not undertake any obligation to revise or update any forward-looking information or statements other than as required by applicable law.

Unless the context requires otherwise, references in this report to “Jushi,” “Company,” “we,” “us” and “our” refer to Jushi Holdings Inc. and our subsidiaries.

Item 8. Audited Financial Statements

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Report of Independent Registered Public Accounting Firm (PCAOB ID No. 324)

To the Stockholders and the Board of Directors of Jushi Holdings Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Jushi Holdings Inc. and its subsidiaries (the “Company”) as of December 31, 2024 and 2023, the related consolidated statements of operations, changes in equity (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Macias Gini & O’Connell LLP

We have served as the Company's auditor since 2023.

Irvine, California
March 6, 2025

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

	December 31, 2024	December 31, 2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 19,521	$ 26,027
Restricted cash - current	—	3,128
Accounts receivable, net	1,461	3,380
Inventories, net	36,138	33,586
Prepaid expenses and other current assets	15,030	15,514
Total current assets	72,150	81,635
NON-CURRENT ASSETS:		
Property, plant and equipment, net	144,063	159,268
Right-of-use assets - finance leases	60,627	63,107
Other intangible assets, net	100,472	95,967
Goodwill	30,910	30,910
Other non-current assets	30,273	30,358
Restricted cash - non-current	1,825	2,150
Total non-current assets	368,170	381,760
Total assets	$ 440,320	$ 463,395
LIABILITIES AND EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	$ 21,459	$ 15,383
Accrued expenses and other current liabilities	32,786	44,070
Income tax payable	2,299	5,190
Debt, net - current portion (including related party principal amounts of $800 and $3,298 as of December 31, 2024 and 2023, respectively)	2,758	86,514
Finance lease obligations - current	9,593	8,885
Derivative liabilities - current	—	2,418
Total current liabilities	68,895	162,460
NON-CURRENT LIABILITIES:		
Debt, net - non-current (including related party principal amounts of $35,296 and $19,788 as of December 31, 2024 and 2023, respectively)	183,449	126,041
Finance lease obligations - non-current	52,742	52,839
Derivative liabilities - non-current	3,128	220
Unrecognized tax benefits	143,688	100,343
Other liabilities - non-current	38,653	29,111
Total non-current liabilities	421,660	308,554
Total liabilities	490,555	471,014
COMMITMENTS AND CONTINGENCIES (Note 22)		
EQUITY (DEFICIT):		
Common stock, no par value; authorized shares - unlimited; issued and outstanding shares - 196,696,597 and 196,631,598 Subordinate Voting Shares as of December 31, 2024 and 2023, respectively	—	—
Paid-in capital	508,386	503,612
Accumulated deficit	(558,621)	(509,844)
Total Jushi shareholders' equity (deficit)	(50,235)	(6,232)
Non-controlling interests	—	(1,387)
Total deficit	(50,235)	(7,619)
Total liabilities and equity (deficit)	$ 440,320	$ 463,395

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

JUSHI HOLDINGS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands of U.S. dollars, except share and per share amounts)

	Year Ended December 31,	
	2024	2023
REVENUE, NET	$ 257,525	$ 269,445
COST OF GOODS SOLD	(139,222)	(153,217)
GROSS PROFIT	118,303	116,228
OPERATING EXPENSES		
Selling, general and administrative	107,008	110,472
Asset impairments	432	8,574
Total operating expenses	107,440	119,046
INCOME (LOSS) FROM OPERATIONS	10,863	(2,818)
OTHER INCOME (EXPENSE):		
Interest expense, net	(37,425)	(36,966)
Fair value gain on derivatives	6,275	9,589
Other, net	3,140	(3,101)
Total other income (expense), net	(28,010)	(30,478)
LOSS BEFORE INCOME TAX	(17,147)	(33,296)
Income tax expense	(31,630)	(31,806)
NET LOSS	$ (48,777)	$ (65,102)
LOSS PER SHARE - BASIC AND DILUTED	$ (0.25)	$ (0.33)
Weighted average shares outstanding - basic and diluted	195,158,282	194,770,212

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

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

	Subordinate Voting Shares	Paid-In Capital	Accumulated Deficit	Total Jushi Shareholders' Equity (Deficit)	Non-Controlling Interests	Total Equity (Deficit)
Balances - January 1, 2023	196,686,372	$ 492,020	$ (444,742)	$ 47,278	$ (1,387)	$ 45,891
Shares canceled upon forfeiture of restricted stock, net of restricted stock grants	(54,774)	—	—	—	—	—
Share-based compensation (including related parties)	—	8,092	—	8,092	—	8,092
Modification and reclassification of warrants	—	3,391	—	3,391	—	3,391
Cashless exercise of options	—	(282)	—	(282)	—	(282)
Issuance of warrants	—	391	—	391	—	391
Net loss	—	—	(65,102)	(65,102)	—	(65,102)
Balances - December 31, 2023	196,631,598	$ 503,612	$ (509,844)	$ (6,232)	$ (1,387)	$ (7,619)
Shares issued upon exercise of stock options	64,999	39	—	39	—	39
Share-based compensation (including related parties)	—	4,222	—	4,222	—	4,222
Issuance of warrants	—	863	—	863	—	863
Deconsolidation of Jushi Europe	—	—	—	—	1,387	1,387
Northern Cardinal Ventures Transaction	—	(350)	—	(350)	—	(350)
Net loss	—	—	(48,777)	(48,777)	—	(48,777)
Balances - December 31, 2024	196,696,597	$ 508,386	$ (558,621)	$ (50,235)	$ —	$ (50,235)

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

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

	Year Ended December 31, 2024	Year Ended December 31, 2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (48,777)	$ (65,102)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization, including amounts in cost of goods sold	29,889	26,588
Share-based compensation	4,222	8,092
Fair value changes in derivatives	(6,275)	(9,589)
Non-cash interest expense, including amortization of deferred financing costs	7,044	6,498
Deferred income taxes and uncertain tax positions	28,900	25,874
Loss on debt modification/extinguishment/redemption	362	—
Asset impairments	432	8,574
Gain on deconsolidation of Jushi Europe	(1,896)	—
Other non-cash items, net	1,480	7,207
Changes in operating assets and liabilities, net of acquisitions:		
Accounts receivable	1,863	(2,366)
Inventory	(4,006)	(4,687)
Prepaid expenses and other current and non-current assets	(1,514)	404
Accounts payable, accrued expenses and other current liabilities	9,845	(4,811)
Net cash flows provided by (used in) operating activities	21,569	(3,318)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(4,708)	(10,743)
Proceeds from sale of assets	2,848	4,351
Payments for investments, net of cash of $218	(5,207)	—
Net cash flows used in investing activities	(7,067)	(6,392)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of options	39	—
Proceeds from term loans, net of debt discount of $970	47,530	—
Payments of promissory notes	(6,350)	—
Proceeds from mortgage loans	—	21,900
Payments on acquisition related credit facility	(60,125)	(4,875)
Payments of finance leases	(2,091)	(3,526)
Payments of mortgage loans	(408)	(211)
Payments of loan financing costs	(2,689)	(250)
Proceeds from other financing activities	1,633	3,862
Payments of other financing activities	(2,000)	(3,031)
Net cash flows (used in) provided by financing activities	(24,461)	13,869
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(9,959)	4,159
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF YEAR	31,305	27,146
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF YEAR	$ 21,346	$ 31,305

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

JUSHI HOLDINGS INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands of U.S. dollars)

	Year Ended December 31,	
	2024	**2023**
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest (excluding capitalized interest)	$ 30,050	$ 29,363
Cash (received) paid for income taxes, net	(4,389)	2,780
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Capital expenditures	2,897	1,475
Right of use assets from finance lease liabilities	2,030	681
Issuance of second lien notes for settlement of accrued bonus	1,382	1,900
Issuance of second lien notes for debt exchange	4,750	—
Warrants issued for debt exchange	863	—
Warrants issued for term loans	6,765	—
Issuance of debt to acquire non-controlling interest in Northern Cardinal	175	—
Note receivable issued for sale of business license	300	—

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

1. NATURE OF OPERATIONS

Jushi Holdings Inc. (the "Company" or "Jushi") is incorporated under the British Columbia's Business Corporations Act. The Company is a vertically integrated, multi-state cannabis operator engaged in retail, distribution, cultivation, and processing in both medical and adult-use markets. As of December 31, 2024, Jushi, through its subsidiaries, owns or manages cannabis operations and/or holds licenses in the adult-use and/or medicinal cannabis marketplace in California, Illinois, Massachusetts, Nevada, Ohio, Pennsylvania and Virginia. The Company's head office is located at 301 Yamato Road, Suite 3250, Boca Raton, Florida 33431, United States of America, and its registered address is Suite 1700, Park Place, 666 Burrard Street, Vancouver, British Columbia V6C 2X8, Canada.

The Company is listed on the Canadian Securities Exchange ("CSE") and trades its subordinate voting shares ("SVS") under the ticker symbol "JUSH", and trades on the United States Over the Counter Stock Market ("OTCQX") under the symbol "JUSHF".

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The accompanying consolidated financial statements present the consolidated financial position and operations of Jushi Holdings Inc. and its subsidiaries and entities over which the Company has control, in accordance with accounting principles generally accepted in the U.S. ("GAAP"). The accounts of the subsidiaries are prepared for the same reporting period using consistent accounting policies. Intercompany balances and transactions are eliminated in consolidation.

Summary of Significant Accounting Policies

Functional and Reporting Currency

The functional currency of the Company and its subsidiaries, as determined by management, is the U.S. dollar. The Company's reporting currency is the U.S. dollar. These consolidated financial statements are presented in thousands of U.S. dollars unless otherwise noted. Transactions in foreign currencies are recorded at a rate of exchange approximating the prevailing rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated into the functional currency at the foreign exchange rate in effect at that date. Realized and unrealized exchange gains and losses are recognized through profit and loss.

Use of Estimates

The preparation of these consolidated financial statements and accompanying notes requires us to make estimates and assumptions that affect amounts reported. Estimates are used to account for certain items such as the valuation of inventories, and the estimated yields from harvest and conversion to finished goods; the assessment of business combinations and asset acquisitions and the fair values of the assets and liabilities acquired; the fair value of purchase consideration and contingent consideration; the useful lives of definite lived intangible assets and property and equipment; impairment; share-based compensation; leases; income tax provision and uncertain tax positions; the collectability of receivables; and other items requiring judgment. Estimates are based on historical information and other assumptions that management believes are reasonable under the circumstances. Due to the inherent uncertainty involved with estimates, actual results may differ materially.

Cash, Cash Equivalents and Restricted Cash

The Company considers cash deposits and all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents include cash deposits in financial institutions and cash held at retail locations. Cash and cash held in money market investments are carried at fair value. When the use of a cash balance is subject to regulatory or contractual restrictions and therefore not available for general use by the Company, the Company classifies the cash as restricted cash.

(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

The Company maintains cash balances in certain bank accounts in excess of the Federal Deposit Insurance Corporation limits. The failure of a financial institution where the Company has significant deposits in excess of the Federal Deposit Insurance Corporation limits could result in a loss of a portion of such cash balances in excess of the insured limit, which could materially and adversely affect the Company's business, financial condition and results of operations.

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

	As of December 31,	
	2024	2023
Cash and cash equivalents	$ 19,521	$ 26,027
Restricted cash - current [(1)]	—	3,128
Restricted cash - non-current	1,825	2,150
Cash, cash equivalents and restricted cash	$ 21,346	$ 31,305

(1) Restricted cash - current primarily relates to the Manassas Mortgage. In April 2024, the lender released the entire $3,128 of current restricted cash to the Company. Consequently, such cash is now unrestricted. Refer to Note 10 - Debt for more information.

Accounts Receivable and Expected Credit Losses

Accounts receivable are recorded at the invoiced amount and do not bear interest. Expected credit losses (or "allowance") reflect 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 accounts receivable is reviewed on an ongoing basis. Expected credit losses are determined based on a combination of factors, including the Company's risk assessment regarding the specific exposures, 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. The Company's charges to the allowance during each financial periods presented in the consolidated statements of operations and its related allowance at each respective balance sheet date were not material. For certain customers, who are also vendors of the Company that meet the right of setoff criteria within Accounting Standards Codification ("ASC") 210-20, *Balance Sheet Offsetting*, the Company nets the accounts receivable and accounts payable for those customers for balance sheet presentation purposes.

Inventories

Inventories are comprised of raw materials, work in process, finished goods and packaging materials. Inventories primarily consist of cannabis plants, dried cannabis, cannabis trim, and cannabis derivatives such as oils and edible products, and accessories. Inventories are initially recorded at cost and subsequently at the lower of cost or net realizable value. Costs incurred during the growing and production processes are capitalized as incurred. These costs include direct materials, labor and manufacturing overhead used in the cultivation and processing processes. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs to complete and sell. Cost is primarily determined on an average cost basis. The Company also reviews inventory for obsolete and slow-moving goods and writes down inventory to net realizable value.

Property, Plant and Equipment

Property, plant, and equipment ("PP&E") are measured at cost less accumulated depreciation and impairment losses, if applicable. Purchased property and equipment are initially recorded at cost, or, if acquired in a business combination, at the acquisition date fair value. Finance lease right-of-use assets are recognized at inception based on the present value of minimum future lease payments. Depreciation is recognized on a straight-line basis over the following periods:

Buildings and building components	7 - 30 years
Leasehold improvements	The lesser of the term of the lease or the estimated useful life of the asset: 1 - 28 years
Machinery and equipment	1 - 10 years
Furniture, fixtures and office equipment (including computer)	2 - 7 years
Finance lease ROU assets - buildings	14 - 28 years
Finance lease ROU assets - machinery and equipment	3 - 5 years

Land has an unlimited useful life and is, therefore, not depreciated. An asset's residual value, useful life and depreciation method are reviewed annually and adjusted prospectively if necessary.

Construction-in-process ("CIP") represents assets under construction and is measured at cost, including borrowing costs incurred during the construction of qualifying assets. When construction on a property is complete and available for use, the cost of construction which has been included in CIP will be reclassified to buildings and improvements, leasehold improvements or furniture and fixtures, as appropriate, and depreciated.

Impairment of Long-Lived Assets

Property and equipment, as well as right-of-use assets and definite lived intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. If circumstances require these long-lived assets to be tested for possible impairment and the Company's analysis indicates that a possible impairment exists based on an estimate of undiscounted future cash flows, the Company is required to estimate the fair value of the asset.

An impairment charge is recorded for the excess of the asset's or asset group's carrying value over its fair value, if any. Asset groups have identifiable cash flows and are largely independent of other asset groups. The Company assesses the fair value of long-lived assets using commonly accepted techniques, and may use more than one method, including recent third-party comparable sales and discounted cash flow models. The Company's impairment analyses require management to apply judgment in estimating future cash flows as well as asset fair values, and other assumptions.

Business Combinations

Acquisitions are assessed under ASC 805 Business Combinations, and judgement is required to determine whether a transaction qualifies as an asset acquisition or business combination. The Company includes in these financial statements the results of operations of the businesses acquired from the acquisition date. Acquisition-related expenses are recognized separately from a business combination and are expensed as incurred.

The Company allocates the purchase price of the business combination to the assets acquired and liabilities assumed based on their estimated fair values. The excess of the purchase price over the fair values of identifiable assets and liabilities is recorded as goodwill. To the extent the fair value of the net assets acquired, including other identifiable assets, exceeds the purchase price, a bargain purchase gain is recognized in the statement of operations.

Acquisitions of assets or a group of assets that do not meet the definition of a business are accounted for as asset acquisitions using the cost accumulation method, whereby the cost of the acquisition, including certain transaction costs, is allocated to the assets acquired on the basis of relative fair values. No goodwill is recognized in an asset acquisition.

Variable Interest Entities

The Company determines at the inception of each arrangement whether an entity in which the Company has made an investment or in which it has other variable interests is considered a variable interest entity ("VIE"). The Company consolidates VIEs when it is the primary beneficiary. The Company is the primary beneficiary of a VIE when it has the power to direct activities that most significantly affect the economic performance of the VIE and has the obligation to absorb the majority of their losses or benefits. If the Company is not the primary beneficiary in a VIE, the VIE will be accounted for in accordance with other applicable accounting guidance. Periodically, the Company assesses whether any changes in the Company's interest or relationship with the entity affect the determination of whether the entity is a VIE and, if so, whether the Company is the primary beneficiary.

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. The estimated useful lives, residual values and amortization methods are reviewed annually, and any changes in estimates are accounted for prospectively. Finite lived intangible assets are amortized using the straight-line method over their estimated useful lives.

In May 2024, the Company sold one of its business licenses which was previously deemed to have an indefinite life. Furthermore, the Company continually evaluates its footprint and non-core assets, including licenses, as it executes its long-term strategies. In light of this, the Company determined that its business licenses no longer have indefinite useful lives. Additionally, the Company performed an impairment assessment immediately prior to the change and concluded that the business licenses were not impaired. As such, the Company commenced amortizing its business licenses with a gross value of $82,401 effective June 1, 2024 on a straight-line basis over a 15-year period. Annual amortization is expected to be approximately $5,493.

Goodwill and Indefinite Lived Intangibles

In accordance with ASC 350 Intangibles - Goodwill and Other, the Company reviews goodwill and indefinite lived intangibles for impairment at the reporting unit level at least annually as of October 1, or when events or circumstances dictate, more frequently. At the time of a business combination, goodwill is either assigned to a specific reporting unit or allocated between reporting units based on the relative fair value of each reporting unit. The Company first performs a qualitative assessment to determine if it is more-likely-than-not that the reporting unit's carrying value, which includes goodwill and intangibles, is less than its fair value, indicating a potential for impairment, and therefore requiring a quantitative assessment. If the Company determines that a quantitative impairment test is required, the Company typically uses a combination of an income approach, i.e., a discounted cash flow calculation, and a market approach, i.e., using a market multiple method, to determine the fair value of each reporting unit, and then compare the fair value to its carrying amount to determine the amount of impairment, if any. If a reporting unit's fair value is less than its carrying amount, the Company would record an impairment charge based on that difference, up to the amount of goodwill and intangibles allocated to that reporting unit.

The quantitative impairment test requires the application of a number of significant assumptions, including estimated revenue growth rates, profit margins, terminal value growth rates, market multiples, and discount rates. The projections of future cash flows used to assess the fair value of the reporting units are based on the internal operation plans reviewed by management. The market multiples are based on comparable public company multiples. The discount rates are based on the risk-free rate of interest and estimated risk premiums for the reporting units at the time the impairment analysis is prepared or such evaluation date.

The Company performs its goodwill and indefinite-lived intangible assets impairment tests on an annual basis.

Leases

In accordance with ASC 842 Leases, the Company determines if an arrangement is a lease at inception. When a leasing arrangement is identified, a determination is made at inception as to whether the lease is an operating or a finance lease. Operating lease right-of-use ("ROU") assets and operating lease (current and non-current) liabilities and finance lease ROU assets and finance lease (current and non-current) liabilities are recognized in the consolidated balance sheets. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheets and are expensed in the consolidated statements of operations on a straight-line basis over the lease term.

ROU assets represent the Company's right to use an underlying asset in which the Company obtains substantially all of the economic benefits and the right to direct the use of the asset during the lease term. Lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term, using a discount rate equivalent to the Company's incremental borrowing rate for a term similar to the estimated duration of the lease, as the rates implicit in the Company's leases are not readily available. Payments that are not fixed at the commencement of the lease are considered variable and are excluded from the ROU asset and lease liability calculations. For finance leases, interest expense on lease liabilities is recognized using the effective interest method, and amortization of the related ROU asset is on a straight-line basis. Refer to Property, Plant and Equipment above for the useful lives of finance lease ROU assets. Operating lease cost, which includes the interest on the lease liability and amortization of the related ROU asset, is recognized on a straight-line basis over the lease term.

Topic 842 requires lessees to discount lease payments using the rate implicit in the lease if that rate is readily available in accordance with Topic 842. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The Company generally uses the incremental borrowing rate when initially recording leases. Information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available. The Company determines the incremental borrowing rate as the interest rate the Company would pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Topic 842 requires lessees to estimate the lease term. In determining the period which the Company has the right to use an underlying asset, management considers the non-cancellable period along with all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

Segment

The Company operates a vertically integrated cannabis business with seven operating segments at the state level. These operating segments are aggregated into one reportable segment due to their similar economic performance and qualitative characteristics related to the cultivation, processing, distribution and sale of cannabis in the U.S. All of the Company's revenues were generated within the U.S., and substantially all long-lived assets are located within the U.S. The chief operating decision maker is the Chief Executive Officer. The chief operating decision maker assesses performance and decides how to allocate resources based on operating results that are reported on the income statement as consolidated net income (loss). The measure of segment assets is reported on the balance sheet as total consolidated assets, and the measure of segment revenue and expenses is reported as total consolidated revenue and expenses in the consolidated statements of operations. For more information on the reportable segment expenses, refer to Note 18 - Operating Expenses.

Revenue Recognition

The Company recognizes revenue in accordance with ASC 606 Revenue from Contracts with Customers ("ASC 606"). ASC 606 requires revenue to be recognized when control of the promised goods or services are transferred to customers at an amount that reflects the consideration that the Company expects to receive. Application of ASC 606 requires a five-step model applicable to all product offering revenue streams as follows: (1) identify a customer along with a corresponding contract; (2) identify the performance obligation(s) in the contract to transfer goods or provide distinct services to a customer; (3) determine the transaction price the Company expects to be entitled to in exchange for transferring promised goods or services to a customer; (4) allocate the transaction price to the performance obligation(s) in the contract; and (5) recognize revenue when or as the Company satisfies the performance obligation(s).

Contract assets, as defined in ASC 606, include amounts that represent the right to receive payment for goods and services that have been transferred to the customer with rights conditional upon something other than the passage of time. Contract liabilities are defined in the standard to include amounts that reflect obligations to provide goods and services for which payment has been received. The Company has no contract assets or unsatisfied performance obligations as of each balance sheet date presented in its consolidated balance sheets.

Under ASC 606, revenue from the sale of medicinal and adult-use cannabis and derivative products has a single performance obligation and revenue is recognized at the point in time when control of the product transfers and the Company's obligations have been fulfilled. This generally occurs upon delivery and acceptance by the customer. Amounts disclosed as revenue are net of allowances and discounts. Discounts issued with respect to retail sales are not variable consideration and represent a margin-driven decision. Taxes collected from customers for remittance to governmental authorities are excluded from revenue.

For some of its retail locations, the Company offers a loyalty reward program to its dispensary customers. A portion of the revenue generated in a sale is allocated to the loyalty points earned. The Company records a reduction in revenue and a liability based on the estimated probability of the point obligation incurred, calculated based on a standalone selling price of each loyalty point. Loyalty reward credits issued as part of a sales transaction results in revenue being deferred until the loyalty reward is redeemed by the customer. Loyalty points expire six months from award date and the Company estimates forfeitures based on historical forfeitures.

Cost of Goods Sold

Cost of goods sold includes the costs directly attributable to revenue recognition and includes compensation and fees for services, travel and other expenses for services and costs of products and equipment.

Operating Expenses

Operating expenses represent costs incurred at the Company's corporate and administrative offices, primarily related to: compensation expenses, including share-based compensation; depreciation and amortization; professional fees and legal expenses; marketing, advertising and selling costs; facility-related expenses, including rent and security; insurance; software and technology expenses; impairments; and acquisition and deal costs. Advertising and promotion costs are included as a component of operating expenses and are expensed as incurred.

Share-Based Payment Arrangements

The Company accounts for equity-settled share-based payments in accordance with ASC 718 Compensation – Stock Compensation, which requires the Company to recognize share-based compensation expenses related to grants of stock options, restricted stock awards ("RSAs") and compensatory warrants to employees and non-employees based on the fair value of the share-based payments over the vesting period with a corresponding offsetting amount to paid-in capital within equity in the accompanying consolidated balance sheets. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period. No adjustment is made to any expense recognized in prior periods if vested stock options or warrant awards expire without being exercised. For share-based payments, the Company recorded the share-based compensation expenses using the graded vesting basis and are included in selling, general and administrative operating expenses in the accompanying consolidated statements of operations.

The fair value of stock options and compensatory warrants is estimated using the Black-Scholes valuation model, which requires assumptions for expected volatility, expected dividends, the risk-free interest rate and the expected term. The Company uses the simplified method to determine the expected term, as management does not have sufficient historical exercise data to provide a reasonable basis upon which to estimate the expected term. The Company accounts for forfeitures of share-based grants as they occur. If any of the assumptions used in the Black-Scholes model or the anticipated number of shares to be vested change significantly, share-based compensation expense may differ materially in the future from that recorded in the current period. The fair value of RSAs is estimated based on the Company's stock on grant date.

Income Taxes

Income tax expense is the total of the current period income tax due or refundable and the change in deferred tax assets and liabilities. Deferred tax assets and liabilities are the expected future tax amounts for the temporary differences between carrying amounts and tax bases of assets and liabilities, computed using enacted rates. A valuation allowance, if needed, reduces deferred tax assets to the amount expected to be realized.

As the Company operates in the cannabis industry, the Company is subject to the limits of Internal Revenue Code ("IRC") Section 280E for U.S. federal income tax purposes as well as state income tax purposes for all states except for California and Colorado. In 2022, Massachusetts and New York decoupled from IRC Section 280E, followed by Illinois in 2023 and Pennsylvania in 2024. Under IRC Section 280E, the Company is only allowed to deduct expenses directly related to sales of product, i.e. the cost of producing the products or cost of production. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. In connection with the preparation and filing of the fiscal 2022 federal income tax return, the Company changed its previous application of 280E to exclude certain parts of its business. In regards to fiscal years 2023 and 2024, the Company has taken the position that it does not owe taxes attributable to the applications of 280E.

In accordance with ASC 740 Income Taxes, a tax position is recognized as a benefit only if it is more likely than not that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized upon examination. For tax positions not meeting the more likely than not test, no tax benefit is recorded.

The Company is treated as a U.S. corporation for U.S. federal income tax purposes under IRC Section 7874 and is subject to U.S. federal income tax on its worldwide income. However, for Canadian tax purposes, the Company, regardless of any application of IRC Section 7874, is treated as a Canadian resident company (as defined in the Income Tax Act (Canada)) for Canadian income tax purposes. As a result, the Corporation is subject to taxation both in Canada and the U.S.

Earnings or Loss per Share

Basic earnings or loss per share is computed by dividing the net income or loss attributable to Jushi shareholders by the basic weighted average number of shares of common stock outstanding for the period. Diluted earnings or loss per share is computed by dividing the net income or loss attributable to Jushi shareholders by the sum of the weighted average number of shares of common stock outstanding for the period, and the number of additional shares of common stock that would have been outstanding if the Company's outstanding potentially dilutive securities had been issued. Potentially dilutive securities include stock options, warrants, unvested restricted stock, convertible promissory notes, and vested restricted stock issued to employees for which a corresponding non-recourse promissory note receivable with the employee is outstanding until the notes are repaid. The dilutive effect of potentially dilutive securities is reflected in diluted earnings or loss per share by application of the treasury stock method, except if its impact is anti-dilutive. Under the treasury stock method, an increase in the fair market value of the Company's common stock can result in a greater dilutive effect from potentially dilutive securities.

Fair Value of Financial Instruments

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

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels, and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement: (i) Level 1 – Observable inputs such as unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date; (ii) Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by the observable market data for substantially the full term of the assets or liabilities; (iii) Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Refer to Note 23 - Financial Instruments.

Emerging Growth Company and Smaller Reporting Company

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

We are also a "smaller reporting company," as defined in Rule 12b-2 of the Exchange Act. If we are a smaller reporting company at the time we cease to be an emerging growth company, we may continue to rely on exemptions from certain disclosure requirements that are available to smaller reporting companies. Specifically, as a smaller reporting company we may choose to present only the two most recent fiscal years of audited financial statements in our Annual Report on Form 10-K and, like emerging growth companies, smaller reporting companies have reduced disclosure obligations regarding executive compensation. The Company adopted the scaled disclosures in this annual report on Form 10-K.

Recent Accounting Pronouncements

Adoption of New Accounting Standards

In June 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-06 *Debt-Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity,* which simplifies accounting for convertible instruments by removing major separation models required under current GAAP. This ASU also removes certain settlement conditions that are required for equity contracts to qualify for the derivative scope exception and simplifies the diluted earnings per share calculation in certain areas. The amendments in this ASU are effective for annual and interim periods beginning after December 15, 2023, although early adoption is permitted. There was no impact to the consolidated financial statements upon adoption.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers.* The FASB issued guidance requires that an entity (acquirer) recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. To achieve this, an acquirer may assess how the acquiree applied Topic 606 to determine what to record for the acquired revenue contracts. Generally, this should result in an acquirer recognizing and measuring the acquired contract assets and contract liabilities consistent with how they were recognized and measured in the acquiree's financial statements (if the acquiree prepared financial statements in accordance with generally accepted accounting principles). The amendments in this ASU are effective for annual and interim periods beginning after December 15, 2023, although early adoption is permitted. There was no impact to the consolidated financial statements upon adoption.

In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*. The FASB issued guidance clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The amendments in this ASU are effective for annual and interim periods beginning after December 15, 2023, although early adoption is permitted. There was no impact to the Company's consolidated financial statements upon adoption.

In March 2023, the FASB issued ASU 2023-01, *Leases (Topic 842): Common Control Arrangements*. The FASB issued guidance clarifies the accounting for leasehold improvements associated with common control leases, by requiring that leasehold improvements associated with common control leases be amortized by the lessee over the useful life of the leasehold improvements to the common control group (regardless of the lease term) as long as the lessee controls the use of the underlying asset through a lease. Additionally, leasehold improvements associated with common control leases should be accounted for as a transfer between entities under common control through an adjustment to equity if, and when, the lessee no longer controls the use of the underlying asset. The amendments in this ASU are effective for annual and interim periods beginning after December 15, 2023. There was no impact to the Company's consolidated financial statements upon adoption.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic ASC 280): Improvements to Reportable Segment Disclosures*, which extends the existing requirements for annual disclosures to quarterly periods, and requires that both annual and quarterly disclosures present segment expenses using line items consistent with information regularly provided to the chief operating decision maker. ASU 280 is effective for annual periods beginning after December 15, 2023 and quarterly periods beginning after December 15, 2024. There was no material impact to the Company's consolidated financial statements upon adoption.

Accounting Standards Issued But Not Yet Adopted

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740)*: *Improvements to Income Tax Disclosures*, which requires two primary enhancements of 1) disaggregated information on a reporting entity's effective tax rate reconciliation, and 2) information on incomes taxes paid. For public business entities, the new requirement will be effective for annual periods beginning after December 15, 2024. The guidance will be applied on a prospective basis with the option to apply the standard retrospectively. Early adoption is permitted. The Company is currently evaluating the effect of adopting this ASU.

(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

In November 2024, the FASB issued ASU 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses,* which requires an entity to improve disclosures about public business entities' expenses and to provide more detailed information around the types of expenses included in commonly presented expense captions. Additionally, in January 2025 the FASB issued ASU 2025-01 to clarify the effective date of ASU 2024-03. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, and interim periods for fiscal years beginning after December 15, 2027, and can be applied on a prospective basis or on a retrospective basis to all periods presented. Early adoption is permitted. The Company is currently evaluating the effect of these pronouncements on its consolidated financial statements and related disclosures.

3. INVENTORIES, NET

The components of inventories, net, are as follows:

	As of December 31,	
	2024	2023
Cannabis plants	$ 3,621	$ 4,478
Harvested cannabis and packaging	11,290	10,994
Total raw materials	14,911	15,472
Work in process	4,493	4,293
Finished goods	16,734	13,821
Total inventories, net	$ 36,138	$ 33,586

4. PREPAID EXPENSES AND OTHER CURRENT ASSETS

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

	As of December 31,	
	2024	2023
Employee retention credit receivable	$ 9,181	$ 10,140
Prepaid expenses and deposits	3,452	2,716
Assets held for sale	611	1,647
Other current assets	1,786	1,011
Total prepaid expenses and other current assets	$ 15,030	$ 15,514

Employee Retention Credit Receivable

The Coronavirus Aid, Relief, and Economic Security Act, passed in March 2020 and subsequently amended in 2021, allowed eligible employers to take credits on certain amounts of qualified wages if the Company experienced either a full or partial suspension of operations due to COVID related government orders. During the year ended December 31, 2023, the Company, with guidance from a third-party specialist, determined it was entitled to employee retention credit ("ERC") claims of $10,140 for previous business interruptions related to COVID and filed for such claims with the Internal Revenue Service ("IRS"). The ERC claims, which are recognized in the consolidated statements of operations when the Company receives the refunds of such claims from the IRS, were recorded as deferred income in Accrued expenses and other current liabilities, with an offsetting receivable amount in Prepaid expenses and other current assets within the consolidated balance sheets as of December 31, 2024 and December 31, 2023.

(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

During the year ended December 31, 2024, the Company received payments on three claims from the IRS in the amount of $63, plus interest on such amounts, which were recorded in other income (expense), net in the consolidated statements of operations. Additionally, the Company reduced the ERC claim receivable as of December 31, 2024 by $896 which resulted from the Company's decision to factor certain claims, with an offset recorded in Accrued expenses and other current liabilities. Refer to Note 25 - Subsequent Events for additional information.

Assets Held for Sale

As of December 31, 2023, the Company determined that one of its cultivation and processing facilities located in Nevada, with total carrying value of $1,647, met the criteria to be classified as assets held for sale, and therefore was reclassified from Property, plant and equipment, net to Assets held for sale, which was included in Prepaid expenses and other current assets in the consolidated balance sheet. In June 2024, the Company sold the grower processor facility in Nevada for a net gain of $104. This amount was recorded in operating expenses in the consolidated statements of operations.

As of December 31, 2024, the Company determined that certain assets relating to one of its dispensaries located in Nevada, with total carrying value of $611, met the criteria to be classified as assets held for sale, and therefore was reclassified from Property, plant and equipment, net to Assets held for sale, which is included in Prepaid expenses and other current assets in the consolidated balance sheet. The sale of the dispensary is expected to be completed within six months of the balance sheet date.

Additionally, during the year ended December 31, 2024, the Company sold one of its business licenses in California, and one of its business licenses in Nevada which were both previously written off, for a net gain of $750 and $425, respectively. These amounts were recorded in operating expenses in the consolidated statements of operations.

5. PROPERTY, PLANT AND EQUIPMENT

The components of property, plant and equipment ("PPE") are as follows:

	As of December 31,	
	2024	2023
Buildings and building components	$ 89,124	$ 88,527
Land	12,956	12,956
Leasehold improvements	47,514	46,660
Machinery and equipment	23,959	27,050
Furniture, fixtures and office equipment (including computer)	22,597	21,146
Construction-in-process	2,533	1,968
Total property, plant and equipment - gross	198,683	198,307
Less: Accumulated depreciation	(54,620)	(39,039)
Total property, plant and equipment - net	$ 144,063	$ 159,268

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

Total depreciation was $18,851 and $17,961 for the years ended December 31, 2024 and 2023, respectively. Interest expense capitalized to PPE totaled $75 and $523 for the years ended December 31, 2024 and 2023, respectively.

As of December 31, 2024 and December 31, 2023, the Company reclassified $611 and $1,647, respectively, from Property, plant and equipment, net to Assets held for sale. Refer to Note 4 - Prepaid Expenses and Other Current Assets for additional information.

(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

6. ACQUISITIONS

2024 Asset Acquisitions

The Company, through management services agreements, obtained control of the following entities during the year ended December 31, 2024: (i) Statewide; and (2) RJK (each as defined below). The Company consolidated these entities under the variable interest entities ("VIE") provisions of ASC 810, *Consolidation*.

The following table summarizes the preliminary purchase price allocations as of their respective acquisition dates:

	Statewide (1)	RJK (1)	Total
Assets Acquired:			
Cash and cash equivalents	$ 24	$ 194	$ 218
Other assets	—	20	20
Inventory	24	251	275
Property, plant and equipment	18	50	68
Intangible assets (2)	3,787	7,008	10,795
Total assets acquired	$ 3,853	$ 7,523	$ 11,376
Liabilities Assumed:			
Accounts payable and accrued liabilities	$ 24	$ 323	$ 347
Total liabilities assumed	$ 24	$ 323	$ 347
Net assets acquired	$ 3,829	$ 7,200	$ 11,029
Consideration:			
Consideration paid in cash, net of working capital adjustments	$ 1,838	$ 3,413	$ 5,251
Consideration to be paid in promissory notes (fair value)	1,991	3,787	5,778
Fair value of consideration	$ 3,829	$ 7,200	$ 11,029

(1) The Company accounted for these transactions as an asset acquisition after an evaluation of the U.S. GAAP guidance for business combinations. This conclusion was reached based on the determination that the license represented substantially all of the fair value of the gross assets acquired.
(2) Represents licenses, which have 15-year useful lives.

Statewide

In September 2024, the Company entered into an Asset Purchase Agreement with Statewide Property Holdings Ohio, LLC ("Statewide") for certain assets to be acquired in connection with one dispensary in Toledo, Ohio, and a 10(B) additional dispensary expected to be sited in Warren, Ohio, which will be completed in three separate closings. The first closing occurred in October 2024, the second closing for the license and inventory assets at the Toledo, Ohio dispensary occurred in February 2025, and the third closing for the inventory assets in the Warren, Ohio dispensary is subject to regulatory approval. As part of the first closing, the Company also entered into a Management Services Agreement (the "MSA") in October 2024 which resulted in the day-to-day operations of the dispensary transferring to the Company, subject to state regulatory constraints, until the license and inventory assets are acquired in the second and third closings. Based on the terms of the MSA, it was determined that the Company has a variable interest in Statewide, and as such is consolidated in the Company's financial statements beginning in October 2024.

(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

RJK

In October 2024, the Company entered into an Asset Purchase Agreement with RJK Holdings of Ohio, LLC ("RJK") for certain assets to be acquired in connection with one dispensary in Oxford, Ohio and a 10(B) additional dispensary expected to be sited in Mansfield, Ohio, which will be completed in three separate closings. The first closing occurred in November 2024, the second closing for the license and inventory assets at the Oxford, Ohio dispensary occurred in February 2025, and the third closing for the license and inventory assets at the Mansfield, Ohio dispensary is subject to regulatory approval. As part of the first closing, the Company also entered into a MSA in November 2024 which resulted in the day-to-day operations of the dispensary transferring to the Company, subject to regulatory constraints, until the license and assets are acquired in the second and third closings. Based on the terms of the MSA, it was determined that the Company has a variable interest in RJK, and as such is consolidated in the Company's financial statements beginning in November 2024.

2023 Business Combinations

The Company did not have any acquisitions during the year ended December 31, 2023.

7. GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill

Goodwill, carrying amount, as of January 1, 2023	$	38,239
Impairment		(7,329)
Goodwill, carrying amount, as of December 31, 2023		30,910
Goodwill, carrying amount, as of December 31, 2024	$	30,910

Other Intangible Assets

The components of other intangible assets are as follows:

	As of December 31, 2024	As of December 31, 2023	Estimated Useful Life
Licenses (1)(2)	$ 93,196	$ 82,401	15 years
Intellectual Property	9,580	9,580	10 years
Tradenames	12,169	12,209	5 - 10 years
Patient/Customer database	2,925	3,195	5 - 10 years
Non-compete	115	155	3 years
Website development	61	61	3 years
Formulations	50	50	Indefinite
Total gross amount	118,096	107,651	
Less: Accumulated Amortization	(17,624)	(11,684)	
Other Intangible Assets, net	$ 100,472	$ 95,967	

(1) Includes licenses acquired in 2024 in the amount of $10,795. Refer to Note 6 - Acquisitions for more information.
(2) The Company commenced amortizing its business licenses effective June 1, 2024. Refer to Note 2 - Basis of Presentation and Summary of Significant Accounting Policies for more information.

Amortization expense for the years ended December 31, 2024 and 2023 was $6,281 and $3,269, respectively, and is included in cost of goods sold and in operating expenses in the consolidated statements of operations. For the year ended December 31, 2024, all additions to intangible assets were related to acquisitions.

(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

The estimated future annual amortization expense related to intangible assets as of December 31, 2024 are as follows:

2025	$ 9,130
2026	8,861
2027	8,057
2028	7,992
2029	7,148
Thereafter	59,234
Total estimated future amortization expense	$ 100,422

Impairment of Goodwill and Other intangible assets

2024 Impairments

The Company did not have any impairment of goodwill and other intangible assets during the year ended December 31, 2024.

2023 Impairments

During the year ended December 31, 2023, management determined that the Company's goodwill in Nevada was impaired due to the Company's lower than expected operating results, driven in part by the overall decline in the retail market within the state. The Company utilized a combination of the income approach (discounted cash flow method) and market approach (guideline company method) for its impairment test for each state, resulting in a goodwill impairment charge of $7,329. The key inputs and assumptions used in the fair valuation of Nevada include: (i) a five-year cash flow forecast, which is based on the Company's actual operating results and business plans; (ii) a perpetual growth rate; (iii) an estimated discount rate and (iv) a weighted average cost of capital. The goodwill impairment is recorded within operating expenses in the consolidated statements of operations.

Additionally, for the year ended December 31, 2023, management determined that certain intangible assets associated with the NuLeaf acquisition were impaired due to the Company rebranding certain NuLeaf stock keeping units sold to retail and wholesale customers, and as a result, recorded an impairment charge of $845. The intangible asset impairment is recorded within operating expenses in the consolidated statements of operations.

(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

8. OTHER NON-CURRENT ASSETS

The components of other non-current assets are as follows:

	As of December 31,	
	2024	2023
Operating lease assets	$ 18,114	$ 18,265
Indemnification assets	4,808	6,906
Net deferred tax assets	5,048	2,772
Deposits and escrows - properties	1,723	1,723
Deposits - equipment	422	422
Equity investment (1)	—	200
Other	158	70
Total other non-current assets	$ 30,273	$ 30,358

(1) The Company owns a 23.08% ownership interest in PV Culver City, LLC ("PVLLC"). The Company does not have significant influence over, and the Company does not have the right to vote or participate in the management of PVLLC and therefore the investment is measured at its fair value. Refer to Note 23 - Financial Instruments for more information relating to the fair value of this equity investment for the years ended December 31, 2024 and 2023, as well as loss on investment recorded.

9. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

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

	As of December 31,	
	2024	2023
Deferred income - ERC (1)	$ 9,181	$ 10,140
Goods received not invoiced	4,366	5,019
Operating lease obligations	4,966	4,693
Accrued employee related expenses and liabilities	4,095	4,175
Acquisition-related milestone accrual (2)	—	4,167
Accrued interest (2)	1,531	4,106
Accrued sales and excise taxes	1,928	2,388
Deferred revenue (loyalty program)	1,321	1,407
Accrued professional and management fees	470	986
Contingent consideration liabilities (2)	—	817
Accrued capital expenditures	461	702
Other accrued expenses and current liabilities	4,467	5,470
Total accrued expenses and other current liabilities	$ 32,786	$ 44,070

(1) Refer to Note 4 - Prepaid Expenses and Other Current Assets for more information.

(2) Relates to Sammartino in connection with the acquisition of Nature's Remedy in September 2021. Acquisition-related milestone accrual of $5,000 and accrued interest of $3,130 as of December 31, 2024 was classified as other liabilities - non-current in the consolidated balance sheet, since the Company currently has no obligation to pay these amounts within the next 12 months from the balance sheet date. See further discussion of the Sammartino Matter in Note 22 - Commitments and Contingencies.

(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

10. DEBT

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

	Effective Interest Rate	Contractual Maturity Date	As of December 31, 2024	As of December 31, 2023
Principal amounts:				
Second Lien Notes	15%	December 2026	$ 80,131	$ 75,497
Term loans	26%	September 2026 [1]	48,500	—
Acquisition Facility	n/a	n/a	—	60,125
Acquisition-related promissory notes payable	8% - 12%	October 2025 - April 2027	22,289	35,716
Mortgage loans	6% - 11%	January 2027 - April 2028	29,054	29,456
Total debt subject to scheduled repayments			179,974	200,794
Promissory notes payable to Sammartino [2]	10%	September 2024 - September 2026	21,500	21,500
Jushi Europe debt	n/a	n/a	—	3,298
Total debt			201,474	225,592
Less: debt issuance costs and original issue discounts			(15,267)	(13,037)
Total debt, net			$ 186,207	$ 212,555
Debt, net - current portion			$ 2,758	$ 86,514
Debt, net - non-current portion			$ 183,449	$ 126,041

[1] Matures the earlier of (i) January 31, 2027 and (ii) the date that is 91 days prior to the final maturity of the Second Lien Notes.

[2] This amount is related to the promissory notes issued to Sammartino in connection with the acquisition of Nature's Remedy in September 2021. The Company currently has no obligation to pay the principal and interest. See further discussion of the Sammartino Matter in Note 22 - Commitments and Contingencies.

Term Loans

In July 2024, a syndicate of lenders provided $48,500 in secured term loans ("Term Loans") to the Company. The Term Loans were issued with a 2% original issue discount, bear interest at a rate of 12.25% per annum and mature the earlier of (i) January 31, 2027 and (ii) the date that is 91 days prior to the final maturity of the Second Lien Notes. Beginning August 1, 2025, the Company will commence quarterly principal payments of $1,213 on the first business day of each calendar quarter with a final payment of $42,438 at maturity date, plus a 4% exit premium on such amounts.

Additionally, the Company issued 19,400,000 five-year warrants to purchase SVS of the Company (the "Term Loan Warrants") at a strike price of $1.00 per SVS. The Term Loan Warrants were issued by the Company in connection with, but were detached from, the Term Loans. Refer to Note 13 - Derivative Liabilities for additional information.

An entity affiliated with James Cacioppo, the Company's Chief Executive Officer, Chairman and Founder, is a Term Loan lender in the principal amount of $9,000, and received 3,600,000 Term Loan Warrants. Denis Arsenault, a Founder and significant equity holder of the Company, participated as a Term Loan lender in the principal amount of $7,000, and received 2,800,000 Term Loan Warrants.

Second Lien Notes

In December 2022, the Company issued 12% second lien notes due December 7, 2026 ("Second Lien Notes") in an aggregate amount of $73,061, of which the Company received cash proceeds of $31,594 and the remaining $41,467 was settled without the need for any transfers of cash between the Company and certain holders of its 10% senior secured notes ("Senior Notes") that elected to purchase Second Lien Notes from the Company in accordance with certain Funding and Settlement Facilitation Agreements ("Facilitation Agreements"). The Facilitation Agreements provided for the Company and purchasers of Second Lien Notes who were also holders of Senior Notes to settle the amount owed to each such purchaser pursuant to the redemption of such purchaser's Senior Notes against the amount of Second Lien Notes purchased by such purchaser without the need for any transfers of cash. The Second Lien Notes mature on December 7, 2026, and bear interest at 12.0% per annum, payable in cash quarterly.

Additionally, the Company issued 17,512,280 four-year warrants to purchase SVS of the Company (the "Second Lien Notes Warrants"). Each purchaser of the Second Lien Notes received Second Lien Notes Warrants at 50% coverage of the principal amount of such purchaser's Second Lien Notes divided by the strike price of $2.086 per share. The Second Lien Notes Warrants were issued by the Company in connection with, but were detached from, the Company's issuance of the Second Lien Notes. Refer to Note 13 - Derivative Liabilities for additional information.

In March 2023, the Company, one of its wholly subsidiaries ("JMGT, LLC") and the Company's Chief Executive Officer and Chairman of the board of directors ("CEO") entered into an amendment to his existing employment agreement (the "Amendment") pursuant to which the CEO agreed to receive the $750 annual cash bonus that would otherwise have been paid to him for 2022 in the following alternative form: (i) a lump sum cash payment in the amount of $250, which was paid in March 2023, (ii) $750 aggregate principal amount of Second Lien Notes, which were issued in March 2023, and (iii) fully-detached warrants to purchase up to approximately $375 worth of Second Lien Notes Warrants, which were issued on September 1, 2023 resulting in the issuance of Second Lien Notes Warrants to purchase 551,471 SVS at an exercise price of $0.68 per share. The fair value of the Second Lien Notes Warrants that were issued was $200, which was recorded as additional debt discount to the Second Lien Notes, with a corresponding offset to Paid-in capital within equity.

In June 2023, the Company amended its Second Lien Notes to modify the Change of Control provisions and make other changes. The consideration paid by the Company for the amendment was a repricing of the related outstanding warrants to purchase SVS of the Company from an exercise price of $2.086 per warrant to $1.00 per warrant. In addition to the repricing of the warrants, the respective warrant agreements were amended and resulted in a change in accounting classification of the respective warrants from liability to equity. The estimated value of the consideration of $1,341 was determined based on the incremental change in the fair value of the warrants before and after repricing. The consideration was recorded as additional debt discount to the Second Lien Notes with a corresponding offset to Paid-in capital. Refer to Note 13 - Derivative Liabilities for more information.

In November 2023, the Company, JMGT, LLC, and the Company's CEO entered into an amendment to his existing employment agreement (the "Second Amendment") pursuant to which the CEO agreed to receive the $100 base salary annual increase for the year 2024, and the $850 annual cash bonus for the year 2023 that would otherwise have been paid to him in the following alternative form: (i) a lump sum cash payment of $213, which was paid in November 2023, (ii) $1,150 aggregate principal amount of Second Lien Notes, which were issued in December 2023, and (iii) fully-detached warrants to purchase up to approximately $575 worth of the Company's SVS, which were issued in December 2023 resulting in the issuance of Second Lien Notes Warrants to purchase 718,750 SVS at an exercise price of $0.80 per share. The fair value of the Second Lien Notes Warrants that were issued was $191, which was recorded as additional debt discount to the Second Lien Notes, with a corresponding offset to Paid-in capital.

On January 24, 2024, the Company entered into two Note Exchange Agreements (the "Note Exchange Agreements") with holders of approximately $9,850 of the Company's unsecured debt (the "Existing Notes"). Upon closing of the transactions contemplated in the Note Exchange Agreements (the "Debt Exchange") on February 6, 2024, the holders of the Existing Notes delivered the Existing Notes to the Company for cancellation, and the Company: (i) issued to certain direct and beneficial holders of the Existing Notes an aggregate of $4,750 principal amount of Second Lien Notes; (ii) issued to certain direct and beneficial holders of the Existing Notes fully-detached warrants to purchase an aggregate of 1,800,000 of the Company's SVS, with each warrant having an exercise price of $1.00 per SVS and an expiration of

December 7, 2026; and (iii) paid to the direct holders of the Existing Notes an aggregate of $2,750 in cash. Refer to Note 14 - Equity for more information.

The Debt Exchange was accounted for as a debt extinguishment, and resulted in the Company recording a non-cash gain on debt extinguishment of $399, which represents the difference between the reacquisition price of the Existing Notes and the net carrying amount of the Existing Notes prior to redemption. This amount was recorded in other income (expense), net in the consolidated statements of operations during the first quarter of 2024.

In September 2024, the Company, JMGT, LLC, and the Company's CEO entered into an amendment to his existing employment agreement (the "Fourth Amendment") pursuant to which the CEO received the $950 annual cash bonus for the year 2024 in the following alternative form: (i) a lump sum cash payment of $238, which was paid in October 2024, (ii) $1,382 aggregate principal amount of Second Lien Notes, which was issued in September 2024, and (iii) stock options granted under the 2019 Plan, expiring five years from the date of grant to purchase up to 1,062,732 of the Company's SVS at an exercise price of $0.65.

Acquisition Facility

In October 2021 (the "Closing Date"), the Company entered into definitive documentation in respect of a $100,000 Senior Secured Credit Facility (the "Acquisition Facility") from Roxbury, LP, a portfolio company of SunStream Bancorp Inc., which is a joint venture sponsored by Sundial Growers Inc. The Company is permitted to borrow amounts under the Acquisition Facility for potential strategic expansion opportunities in both its core and developing markets. After being drawn, loans issued under the Acquisition Facility bear an interest rate of 9.5% per annum, payable quarterly, and will mature five years from the Closing Date. Subject to the approval of the Agent's investment committee and other conditions, including pro forma compliance with certain financial covenants (further defined below) at the time of borrowing, the Company will be able to make draws under the facility until the 18- month anniversary of the Closing Date (the "Draw Period"), and will have a two-year interest-only period before partial amortization begins on a quarterly basis. Interest are payable on the first business day of each calendar quarter. The Company also may increase the total commitment of the Acquisition Facility by an aggregate amount of up to $25,000, subject to certain conditions (the "Accordion"). The Acquisition Facility is secured by a first lien over certain Company assets and on a pari passu basis with the collateral securing the indebtedness of the Company evidence by the Senior Notes. The Company recorded original discount of $1,701, which included debt issuance costs of $721.

During the Draw Period, a standby fee of 2.25% per annum of the undrawn amount of the Acquisition Facility minus the sum of the daily average of the outstanding amount of the Acquisition Facility for the preceding calendar quarter shall be paid quarterly, in arrears, on the first business day of each calendar quarter. The standby fee drops to 1.5% on the date the Senior Notes mature or are refinanced. An exit fee of 1.5% of the original term loan amount of $100,000 shall be paid upon the earliest of the maturity date, any repayment of the principal balance of the term loans or the occurrence of an event of default. In the event the Senior Notes mature or are refinanced, no exit fee is owed by the Company to the lenders. In the event the Company wishes to refinance the Senior Notes, lenders have a right of first refusal to contribute up to 50% of the amount used to refinance the Senior Notes.

In October 2021, the Company drew down $40,000 from the Acquisition Facility to fund the cash portion of the acquisition of Nature's Remedy. In April 2022, the Company drew down $25,000 from the Acquisition Facility to fund the cash portions of the NuLeaf and Apothecarium acquisitions, and the Company entered into an amendment to the Acquisition Facility pursuant to which: (i) the commencement of leverage testing was pushed back by four quarters, (ii) certain leverage ratios were revised; and (iii) the Company may proceed with a reorganization pursuant to a petition for bankruptcy in Switzerland with respect to Jushi Europe without potentially defaulting under the Acquisition Facility.

In December 2022, the Company entered into a second amendment to the Acquisition Facility pursuant to which: (i) the interest rate was increased to 11% per annum; (ii) the maximum borrowings capped at $65,000 with the removal of the standby fee; (iii) the maturity date was amended to December 31, 2024; and (iv) the total leverage ratio covenant was removed and replaced with a minimum quarterly revenue covenant.

In November 2023, the Company entered into a third amendment to the Acquisition Facility pursuant to which: (i) the minimum cash balance maintenance requirements in the Acquisition Facility were reduced from a fixed dollar amount to 10% of the outstanding term loans amount, which have the effect of decreasing such minimum cash balance requirement as additional scheduled amortization repayments are made on such term loans, and (ii) made certain technical and conforming changes to account for the Company's Loan Agreement with FVCBank with respect to its Manassas, VA facility. Having completed most of the improvements to the Company's Manassas, VA facility, the Acquisition Facility Amendments also set forth certain limits on the Company's use of balance sheet cash to fund future improvements to the Manassas, VA facility.

In July 2024, the Acquisition Facility was repaid in full with the net proceeds from the Term Loans in the principal amount of $47,530 and the remaining amount from cash on hand, resulting in a loss on extinguishment of $900, which was recorded in other income (expense), net in the consolidated statements of operations during the year ended December 31, 2024.

Acquisition-related promissory notes payable

Apothecarium

In March 2022, in connection with the Apothecarium acquisition, the Company issued to the seller two unsecured promissory notes with a total principal amount of $9,853, with no stated interest and both maturing in March 2027. The promissory notes provide for a principal payment of $3,448 on the 21st month anniversary, followed by 39 equal monthly payments for the remaining balance. On February 6, 2024, these promissory notes were settled through a Debt Exchange. Refer to the Second Lien Notes section above for more information.

NuLeaf

In April 2022, in connection with the NuLeaf acquisition, the Company issued to the seller unsecured promissory notes with an aggregate total principal amount of $15,750 with a stated interest rate of 8% and maturity date in April 2027. The promissory notes provide for a full principal payment on the maturity date. Additionally, in July 2022, the Company amended the five-year note for an additional principal amount of $3,000 to settle the contingent consideration associated with the acquisition. There were no changes to the interest rate and maturity date of the five-year note at such time.

Nature's Remedy

In September 2021, in connection with the Nature's Remedy acquisition, the Company issued to the seller 8% unsecured promissory notes in the principal amounts of $11,500 maturing September 10, 2024 and a $5,000 note maturing September 10, 2026. The promissory notes provide for cash interest payments to be made quarterly and all principal and accrued and unpaid interest are due at their respective maturities. In September 2022, the Company amended the three-year note for an additional principal amount of $5,000 in settlement of a contingent consideration liability for the First Milestone Period in connection with the September 2021 acquisition of Nature's Remedy.

Repayment of principal and interest are currently on hold until the resolution of the Sammartino Matter as discussed in greater detail in Note 22 - Commitments and Contingencies. Consequently, the principal balances were classified as long-term debt, and the accrued interests were classified as other liabilities - non-current as of December 31, 2024 since the Company currently has no obligation to pay these amounts within the next 12 months from the balance sheet date.

Vireo Health

In July 2024, the Company extinguished its promissory note with Vireo Health which had a principal balance of $3,750 and a maturity date of August 11, 2024. The promissory note was redeemed at 96% of the principal amount and 50% of accrued and unpaid interest, resulting in a gain on extinguishment of $140, which is recorded in other income (expense), net in the consolidated statements of operations during the year ended December 31, 2024.

Northern Cardinal

In October 2024, in connection with the acquisition of the remaining 51% shares of Northern Cardinal Ventures, LLC ("Northern Cardinal"), the Company issued a one-year unsecured promissory note with an aggregate total principal amount of $175 at an interest rate of 9%. The promissory note provide for cash interest payments to be made quarterly and all principal and accrued and unpaid interest are due at maturity. Refer to Note 15 - Non-Controlling Interest for more information.

Mortgage loans

Arlington Mortgage

In December 2021, the Company entered into a $6,900 mortgage loan agreement (the "Arlington Mortgage"), which is principally secured by the Company's retail property in Arlington, Virginia. As of December 31, 2022, the Company had drawn down $5,000, and the remaining $1,900 was drawn down in January 2023. The Arlington Mortgage bears a fixed interest rate of 5.875% per annum, payable monthly, and will mature in January 2027.

Dickson City Mortgage

In July 2022, the Company entered into a $2,800 mortgage loan agreement (the "Dickson City Mortgage"), which is principally secured by the Company's retail property in Dickson City, Pennsylvania. The Dickson City Mortgage matures in July 2027 and bears interest at a variable rate equal to prime rate plus 2%. The interest rate as of December 31, 2024 was 9.75%.

Manassas Mortgage

In April 2023, the Company entered into a $20,000 mortgage loan agreement (the "Manassas Mortgage"), which is principally secured by the Company's cultivation and processing facility located in Manassas, Virginia. The Manassas Mortgage is payable monthly and will mature in April 2028. The interest rate is variable and determined based on the 30-day average secured overnight financing rate plus 3.55% with a floor rate of not less than 8.25%. The interest rate as of December 31, 2024 was 8.25%.

Jushi Europe

On February 16, 2022, Jushi Europe filed a notice of over-indebtedness with the Swiss courts, and on May 19, 2022, the Swiss courts declared Jushi Europe's bankruptcy. As a result, the Company lost control of Jushi Europe's assets and liabilities since they are subject to oversight by the Geneva, Switzerland bankruptcy office. During the second quarter of 2024, Jushi Europe was deconsolidated and its respective assets and liabilities were derecognized from the Company's consolidated financial statements, as the Company determined that it no longer has any obligation in relation to this subsidiary. Upon deconsolidation, the Company has no retained interest in Jushi Europe. As a result of these actions, the Company recognized a gain of $1,896 in other income (expense), net in its consolidated statements of operations.

(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

Financial covenants

Term loans

The Term Loans include a financial covenant that requires the Company to maintain a minimum unrestricted cash balance as of the last day of each calendar month during the term of the Term Loans, with an initial minimum cash balance of $8,000, subject to certain "step-ups" for succeeding periods. As of December 31, 2024, the Company was in compliance with this financial covenant.

Mortgage loans

The Company's three mortgage loan agreements contain certain financial and other covenants with which the Company is required to comply. As of December 31, 2024, the Company was in compliance with all financial covenants contained in each of the mortgage loan agreements.

Annual Maturities

As of December 31, 2024, aggregate future contractual maturities of the Company's debt are as follows:

	2025	2026	2027	2028	Total
Second Lien Notes	$ —	$ 80,131	$ —	$ —	$ 80,131
Acquisition-related promissory notes payable	175	—	22,114	—	22,289
Mortgage loans	669	665	9,411	18,309	29,054
Term loans	2,425	46,075	—	—	48,500
Total debt subject to scheduled repayments	$ 3,269	$ 126,871	$ 31,525	$ 18,309	$ 179,974

The above table excludes the maturities of the Company's promissory notes payable to Sammartino, as the repayments of these notes, if any, would arise in the context of a non-appealable final judgement by a court. Refer to Note 22 - Commitments and Contingencies for more information. Specifically, the promissory notes that were payable to Sammartino are as follows: $16,500 in 2024 and $5,000 in 2026. However, these balances were classified as long-term debt as of December 31, 2024 since the Company does not expect to repay these amounts within the next 12 months.

Interest Expense

Interest expense, net is comprised of the following:

	Year Ended December 31,	
	2024	2023
Interest and accretion - Second Lien Notes	$ 11,423	$ 10,106
Interest and accretion - Term Loans	4,653	—
Interest and accretion - Finance lease liabilities	10,045	9,784
Interest and accretion - Acquisition Facility	4,844	9,466
Interest and accretion - Promissory notes	4,421	6,173
Interest and accretion - Mortgage loans and other financing activities	2,671	2,051
Capitalized interest	(75)	(523)
Total interest expense	37,982	37,057
Interest income	(557)	(91)
Total interest expense, net	$ 37,425	$ 36,966

(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

11. LEASES

The Company leases certain business facilities for corporate, retail and cultivation operations from third parties under lease agreements that specify minimum rentals. In addition, the Company leases certain equipment for use in cultivation and extraction activities. The Company determines whether a contract is or contains a lease at the inception of the contract. Due to changing demographics and business environment, the Company performed a reassessment of its previously classified real estate finance leases in June 2023 and certain real estate operating leases in September 2023. These reassessments resulted in the removal of certain option renewal periods contained in the leases as the Company is no longer reasonably certain to exercise these option renewal periods. As a result of the June 2023 reassessment, the classification of some leases were changed from finance to operating, resulting in an aggregate decrease in finance lease obligations and related right-of-use ("ROU") assets of $45,768 and $42,349, respectively, and an aggregate net increase in operating lease obligations and related ROU assets of $8,691 and $5,271, respectively. The impact of the September 2023 reassessment was an aggregate net decrease in operating lease obligations and related ROU assets of $6,084 and $6,084, respectively.

In connection with the change from finance to operating lease, the Company's depreciation and interest expense related to ROU assets will be lower after the change and rent expense will be higher. The expiry dates of the leases, including reasonably certain estimated renewal periods, are between 2025 and 2043. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The following table provides the components of lease cost recognized in the consolidated statements of operations for the periods presented.

	Year Ended December 31,	
	2024	2023
Finance lease cost:		
Amortization of lease assets	$ 4,758	$ 5,358
Interest on lease liabilities	10,045	9,784
Total finance lease cost	14,803	15,142
Operating lease cost	5,112	4,819
Variable lease cost	86	155
Total lease cost	$ 20,001	$ 20,116

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.

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

	As of December 31, 2024		As of December 31, 2023	
	Finance Leases	Operating Leases	Finance Leases	Operating Leases
Weighted average discount rate	16.17 %	15.28 %	16.09 %	15.09 %
Weighted average remaining lease term (in years)	15.6	8.0	16.6	8.7
Cash paid for amounts included in the measurement of lease liabilities	$ 11,054	$ 5,780	$ 11,060	$ 5,168

(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

The maturities of the contractual undiscounted lease liabilities as of December 31, 2024 are as follows:

	Finance Leases	Operating Leases
2025	$ 10,542	$ 5,401
2026	11,130	5,684
2027	10,637	5,260
2028	10,728	4,586
2029	10,440	3,755
Thereafter	137,548	15,711
Total undiscounted lease liabilities	191,025	40,397
Interest on lease liabilities	(128,690)	(17,808)
Total present value of minimum lease payments	$ 62,335	$ 22,589
Lease liabilities - current portion	$ 9,593	$ 4,966
Lease liabilities - non-current	$ 52,742	$ 17,623

12. OTHER NON-CURRENT LIABILITIES

The components of other non-current liabilities are as follows:

	As of December 31,	
	2024	2023
Operating lease liabilities	$ 17,623	$ 19,861
Acquisition-related milestone accrual (1)	5,000	—
Accrued interest (1)	3,130	—
Deferred tax liabilities	1,626	3,468
Contingent consideration liabilities (2)	5,912	—
Other non-current liabilities	5,362	5,782
Total other non-current liabilities	$ 38,653	$ 29,111

(1) These amounts are related to Sammartino in connection with the acquisition of Nature's Remedy in September 2021 which were classified as other liabilities - non-current in the consolidated balance sheet as of December 31, 2024 since the Company currently has no obligation to pay these amounts within the next 12 months from the balance sheet date. See further discussion of the Sammartino Matter in Note 22 - Commitments and Contingencies.

(2) This relates to the acquisitions of Statewide and RJK. Refer to Note 6 - Acquisitions for more information.

(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

13. DERIVATIVE LIABILITIES

The following table summarizes the change in the Company's derivative liabilities:

	Total Derivative Liabilities [1]
Balance as of January 1, 2023	$ 14,134
Fair value changes	(9,589)
Reclassification to equity	(2,050)
Down-round changes	143
Balance as of December 31, 2023	2,638
Derivative Warrants issued [2]	6,765
Fair value changes	(6,119)
Expiration of derivative warrants	(156)
Balance as of December 31, 2024	$ 3,128

(1) Refer to Note 14 - Equity for the change in number of warrants outstanding.
(2) Represents the fair value of 19,400,000 derivative warrants issued in connection with the Term Loans in July 2024. Refer to Note 10 - Debt for more information.

The Company's derivative liabilities are primarily comprised of derivative warrants ("Derivative Warrants"). These are warrants to purchase SVS of the Company and were issued in connection with the Company's Senior Notes, Second Lien Notes and its Term Loans. As discussed in Note 10 - Debt, in June 2023, the Company amended the warrant agreements, previously issued with the Second Lien Notes, to decrease the warrants exercise price of $2.086 per warrant to $1.00 per warrant for 17,512,280 warrants as well as certain other sections of the warrant agreement, which resulted in a change in accounting classification of the respective warrants from liability to equity. As a result of the change in classification of the warrants, the Company recorded a decrease in derivative liability of $2,050, with a corresponding increase in paid-in capital. The aforementioned repricing triggered certain down-round provision on some of the outstanding warrants previously issued with the Senior Notes (the "Senior Notes Warrants"). As part of the amendment the Company changed the warrants exercise price of $1.25 per warrant to $1.00 per warrant for 5,890,922 Senior Notes Warrants. With the change in exercise price the Company recorded an incremental change of $143 in the fair value of such Senior Notes Warrants after repricing as an increase to derivative liabilities with a corresponding offset to Other income (expense) (refer to Note 10 - Debt for additional information). The Derivative Warrants may be net share settled.

As of December 31, 2024, there were 21,400,000 Derivative Warrants outstanding, which consisted of (i) 2,000,000 warrants with exercise price of $2.086 per warrant and expiration date in December 2026 and (ii) 19,400,000 warrants with exercise price of $1.00 per warrant and expirations date in July 2029. As of December 31, 2023, there were 37,862,922 Derivative Warrants outstanding, which consisted of (i) 29,972,000 warrants with exercise price of $1.25 per warrant and expiration date in December 2024, (ii) 5,890,922 warrants with an exercise price of $1.00 per warrant and expiration date in December 2024, and (iii) 2,000,000 warrants with an exercise price of $2.086 per warrant and expiration date in December 2026.

Derivative Warrants are considered derivative financial liabilities measured at fair value with all gains or losses recognized in profit or loss as the settlement amount for the Derivative Warrants may be adjusted during certain periods for variables that are not inputs to standard pricing models for forward or option equity contracts, i.e., the "fixed for fixed" criteria under ASC 815-40. The estimated fair value of the Derivative Warrants is measured at the end of each reporting period and an adjustment is reflected in fair value changes in derivatives in the consolidated statements of operations. These are Level 3 recurring fair value measurements. The estimated fair value of the Derivative Warrants was determined using the Black-Scholes model with stock price based on the OTCQX closing price of the Derivative Warrants issue date as of December 31, 2024 and December 31, 2023.

(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

The assumptions used in the fair value calculations as of the balance sheet dates presented include the following:

		As of December 31,	
	July 2024 (new issuances)	2024	2023
Stock price per share	$0.57	$0.31	$0.46
Risk-free annual interest rate	3.97%	4.24% - 4.35%	4.01% - 4.79%
Exercise price	$1.00	$1.00 - $2.086	$1.00 - $2.086
Weighted average volatility	88%	93%	101%
Remaining life	5 years	2 - 4.6 years	1 - 2.9 years
Forfeiture rate	0%	0%	0%
Expected annual dividend yield	0%	0%	0%

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

	As of December 31, 2024			As of December 31, 2023		
	Input	Effect of 10% Increase	Effect of 10% Decrease	Input	Effect of 10% Increase	Effect of 10% Decrease
Stock price per share	$ 0.31	$ 440	$ (427)	$ 0.46	$ 637	$ (574)
Volatility	93 %	$ 438	$ (465)	101 %	$ 680	$ (643)

14. EQUITY

Authorized, Issued and Outstanding

The authorized share capital of the Company consists of an unlimited number of SVS, Multiple Voting Shares, Super Voting Shares and Preferred Shares. As of December 31, 2024, the Company had 196,696,597 SVS issued and outstanding and no Multiple Voting Shares, Super Voting Shares or Preferred Shares issued and outstanding.

Warrants

Each warrant entitles the holder to purchase one share of the same class of common share. The following table summarizes the status of the Company's warrants and related transactions for each of the presented years:

(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

	Non-Derivative Warrants	Derivative Warrants (1)	Total Number of Warrants	Weighted - Average Exercise Price Per Warrant	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Life (in Years)
Balance, January 1, 2023	30,673,635	55,375,202	86,048,837	$ 1.40	$ 1,081	3.9
Granted (2)(3)	2,970,221	—	2,970,221	$ 0.63		
Cancelled (3)	(2,087,500)	—	(2,087,500)	$ 2.18		
Reclassified	17,512,280	(17,512,280)	—			
Balance, December 31, 2023	49,068,636	37,862,922	86,931,558	$ 1.12	$ —	3.0
Granted (4)	2,500,000	19,400,000	21,900,000	$ 0.99		
Cancelled/forfeited/expired (5)	(1,050,100)	(35,862,922)	(36,913,022)	$ 1.21		
Balance, December 31, 2024	50,518,536	21,400,000	71,918,536	$ 1.03	$ —	3.6
Exercisable, December 31, 2024	48,898,536	21,400,000	70,298,536	$ 1.04	$ —	3.6

(1) In June 2023, 5,890,922 warrants were repriced from $1.25 to $1.00. Additionally, 17,512,280 warrants were reclassified from derivative liability warrants to non-derivative (equity) warrants and repriced from $2.086 to $1.00. Refer to Note 13 - Derivative Liabilities for additional information.

(2) The non-derivative warrants were issued for consulting or other services, therefore, these compensatory warrants are accounted for as share-based payment arrangements.

(3) On November 15, 2023, the Company cancelled warrants to purchase 200,000 SVS at an exercise price of $1.75 held by the Company's Chief Financial Officer, that were originally issued on December 9, 2022, and reissued warrants to purchase 200,000 SVS at an exercise price of $0.55 and an expiration date of December 17, 2028.

(4) In July 2024, 19,400,000 warrants were issued in connection with the Term Loans. In February 2024, 1,800,000 warrants were issued in connection with the Debt Exchange. Refer to Note 10 - Debt for more information.

(5) On December 23, 2024, 35,862,922 warrants that were issued in connection with the Senior Notes expired.

The grant date fair value of the non-derivative warrants issued was determined using the Black-Scholes option-pricing model. The following assumptions were used for the calculations at date of issuance.

	Year Ended December 31,	
	2024	2023
Weighted average stock price	$0.60	$0.55
Weighted average expected stock price volatility	87%	77%
Expected annual dividend yield	—%	—%
Weighted average expected life of warrants	4.8 years	5.1 years
Weighted average risk-free annual interest rate	3.97%	3.94%
Weighted average grant date fair value	$0.36	$0.28

Share-based payment award plans

Plan summary and description

The Company's 2019 Equity Incentive Plan (the "2019 Plan") was initially adopted in April 2019, and was amended in June 2022. The 2019 Plan is administered by the board of directors, who have delegated to the Compensation Committee the ability to grant awards with board of directors' review for directors and officers.

The purpose of the 2019 Plan is to: (i) promote and retain employees, directors and consultants capable of assuring our future success; (ii) motivate management to achieve long-range goals; and (iii) to provide compensation and opportunities for ownership and alignment of interests with shareholders. The 2019 Plan permits the grant of: (i) Stock Options; (ii) Restricted Stock Awards; (iii) Restricted Stock Units; (iv) Stock Appreciation Rights; and (v) Other Awards. Any of the Company's employees, officers, directors, and consultants are eligible to participate (each a Participant) in the 2019 Plan if selected by the board of directors or the Compensation Committee. The basis of participation of an eligible recipient of an Award under the 2019 Plan, and the type and amount of any Award that an individual will be entitled to receive under the 2019 Plan, will be determined by board of directors and/or Compensation Committee. The Board may suspend or terminate the 2019 Plan at any time.

(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

The 2019 Plan authorizes the issuance of up to 15% (plus an additional 2% inducements for hiring employees and senior management) of the number of outstanding shares of common stock (of all classes) of the Company (the "Share Reserve"). Incentive stock options are limited to the Share Reserve, and the maximum number of incentive awards available for issuance under the 2019 Plan, including additional awards available for certain new hires, was 6,669,002 as of December 31, 2024.

Stock Options

The stock options issued by the Company are options to purchase SVS of the Company. All stock options issued have been issued to directors and employees under the Company's 2019 Plan. Such options generally expire ten years from the date of grant and generally vest ratably over three years from the grant date. The options generally may be net share settled.

On November 15, 2023, the Company's board of directors approved a limited stock option cancellation and regrant program in which a limited number of the Company's senior management team and the Company's non-employee directors (the "Eligible Participants") could elect to cancel each stock option held with an exercise price per SVS of $3.91 or greater, and to be granted a replacement option to purchase an identical number of SVS. On November 17, 2023, the Eligible Participants cancelled a total of 3,224,000 stock options under this program, and were regranted the same number of stock options on December 17, 2023 at an exercise price of $0.55, with an expiration date of ten years from the grant date.

On August 12, 2024, the Company's board of directors approved a limited stock option cancellation and regrant program in which Eligible Participants could elect to cancel each stock option held with an exercise price per SVS equal to $1.91, $1.93, $2.00 and $5.71, and to be granted a replacement option to purchase an identical number of SVS. The Eligible Participants cancelled a total of 9,136,758 stock options under this program, and were regranted the same number of stock options on September 13, 2024 at an exercise price of $0.54, with an expiration date of ten years from the grant date.

The following table summarizes the status of stock options and related transactions for each of the presented years:

	Stock Options	Weighted Average Exercise Price per Stock Options	Aggregate Intrinsic Value	Weighted Average Remaining Contractual Life (in Years)
Balance, January 1, 2023	30,752,259	$ 2.58	$ —	8.5
Granted	11,507,429	$ 0.54		
Cancelled/forfeited/expired	(14,606,504)	$ 3.20		
Balance, December 31, 2023	27,653,184	$ 1.40	$ —	8.2
Granted	12,954,490	$ 0.57		
Exercised	(64,999)	$ 0.60		
Cancelled/forfeited/expired	(13,773,256)	$ 1.81		
Balance, December 31, 2024	26,769,419	$ 0.79	$ —	8.5
Exercisable, December 31, 2024	11,209,397	$ 0.99	$ —	8.0

The fair value of the stock options granted was determined using the Black-Scholes option-pricing model. The following assumptions were used for the calculation at date of grant:

(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

	Year Ended December 31,	
	2024	2023
Weighted average stock price	$0.56	$0.53
Weighted average expected stock price volatility	86.9%	76.6%
Expected annual dividend yield	—%	—%
Weighted average expected life	5.0 years	5.9 years
Weighted average risk-free annual interest rate	3.56%	3.81%
Weighted average grant date fair value	$0.21	$0.30

Restricted Stock

The Company grants restricted SVS to independent directors, management, former owners of acquired businesses or assets, and to consultants and other employees. The restricted SVS are included in the issued and outstanding SVS, and the fair value of the restricted stock granted was estimated based on the SVS price at grant date. The following table summarized the status of restricted stock and related transactions for each presented years:

	Unvested Restricted Stock	Weighted-Average Grant-date Fair Value Price per Restricted Stock	Average Intrinsic Value	Weighted Average Remaining Vesting Term (in Years)
Issued and Outstanding as of January 1, 2023	1,156,319	$ 2.45	$ 881	0.3
Cancelled	(54,774)	$ 2.43		
Vested and Released	(1,099,684)	$ 2.45	$ 526	
Issued and Outstanding as of December 31, 2023	1,861	$ 4.05	$ 1	0.7
Vested and Released	(1,861)	$ 4.05	$ 1	
Issued and Outstanding as of December 31, 2024	—			

Share-based compensation cost

The Company recorded share-based compensation costs related to previously issued stock options, restricted stocks and compensatory warrants totaling $4,222 and $8,092 for the years ended December 31, 2024 and 2023, respectively, and are included in selling, general and administrative operating expenses in the accompanying consolidated statements of operations.

As of December 31, 2024, the Company had $2,266 of unrecognized share-based compensation cost related to unvested stock options and warrants, which is expected to be recognized as share-based compensation cost over a weighted average period of 1.4 years as follows:

2025	$ 1,589
2026	491
2027	147
2028	33
Thereafter	6
	$ 2,266

(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

15. NON-CONTROLLING INTEREST

Jushi Europe

On February 16, 2022, Jushi Europe filed a notice of over-indebtedness with the Swiss courts, and on May 19, 2022, the Swiss courts declared Jushi Europe's bankruptcy. As a result, the Company lost control of Jushi Europe's assets and liabilities since they are subject to oversight by the Geneva, Switzerland bankruptcy office. Refer to Note 10 - Debt for more information.

Northern Cardinal

In August 2021, Northern Cardinal was awarded a conditional retail dispensary license in Illinois via the state's lottery process. The Company was a 49% equity member in Northern Cardinal. In September 2024, the Company acquired the remaining 51% for $350, which was paid with $175 cash, and $175 one-year promissory note, at an interest rate of 9%. The difference between the fair value of the consideration paid and the amount by which the non-controlling interest is adjusted was recognized in paid-in capital. The Company now owns 100% of the issued and outstanding shares of Northern Cardinal.

16. EARNINGS (LOSS) PER SHARE

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

	Year Ended December 31,	
	2024	2023
Numerator:		
Net loss	$ (48,777)	$ (65,102)
Denominator:		
Weighted-average shares of common stock - basic and diluted	195,158,282	194,770,212
Loss per share - basic and diluted	$ (0.25)	$ (0.33)

The following table summarizes weighted average instruments that may, in the future, have a dilutive effect on earnings (loss) per share, but were excluded from consideration in the computation of diluted net earnings (loss) per share for the years ended December 31, 2024 and 2023 because the impact of including them would have been anti-dilutive:

	As of December 31,	
	2024	2023
Stock options	27,321,342	28,783,139
Warrants (derivative liabilities and equity)	95,802,822	85,575,031
Unvested restricted stock awards	1,347	368,711
	123,125,511	114,726,881

(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

17. REVENUE, NET

The Company has two revenue streams: retail and wholesale. The Company's retail revenues are comprised of cannabis sales from its dispensaries. The Company's wholesale revenues are comprised of cannabis sales to its wholesale customers for resale through their dispensaries. Any intercompany revenue and costs are eliminated to arrive at consolidated totals.

The following table summarizes the Company's revenue from external customers, disaggregated by revenue stream:

	Year Ended December 31,	
	2024	2023
Retail cannabis	$ 227,930	$ 239,351
Wholesale cannabis	29,595	30,094
Total revenue, net	$ 257,525	$ 269,445

18. OPERATING EXPENSES

The major components of operating expenses are as follows:

	Year Ended December 31,	
	2024	2023
Salaries, wages and employee related expenses	$ 56,443	$ 56,483
Depreciation and amortization expense	15,459	10,656
Rent and related expenses	11,673	11,789
Professional fees and legal expenses	6,744	7,732
Share-based compensation expense	4,222	8,092
Goodwill impairment	—	7,329
Indefinite-lived intangible asset impairment	—	845
Tangible long-lived asset impairment	432	400
Other expenses [1]	12,467	15,720
Total operating expenses	$ 107,440	$ 119,046

(1) Other expenses are primarily comprised of marketing and selling expenses, insurance costs, administrative and application fees, software and technology costs, travel, gain/loss on lease terminations, gain/loss on asset disposals, entertainment and conferences and other.

(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

19. OTHER INCOME (EXPENSE), NET

The components of other income (expense), net are as follows:

	Year Ended December 31,	
	2024	2023
Deconsolidation of Jushi Europe	$ 1,896	$ —
Gains (losses) on investments and financial assets	(200)	(777)
Losses on debt redemptions/extinguishments/modifications	(362)	—
Gains (losses) on foreign currency adjustments	1,529	(545)
Gains (losses) on legal settlements	400	(400)
Gains (losses) on indemnification assets	(2,098)	(1,292)
Other gains (losses)	1,975	(87)
Total other income (expense), net	$ 3,140	$ (3,101)

20. INCOME TAXES

Details of the Company's income tax expense are as follows:

	Year Ended December 31,	
	2024	2023
Current tax expense:		
Federal	$ 32,454	$ 27,303
State	3,294	3,608
	35,748	30,911
Deferred tax benefit:		
Federal	(1,873)	2,281
State	(2,634)	(1,386)
Foreign	(3,241)	(5,554)
	(7,748)	(4,659)
Change in valuation allowance	3,630	5,554
Total income tax expense	$ 31,630	$ 31,806

The differences between the income tax expense and the expected income taxes based on the statutory tax rate applied to pre-tax earnings (loss) are as follows:

(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

	Year Ended December 31,	
	2024	2023
Loss before income taxes	$ (17,147)	$ (33,296)
Statutory tax rate	21.00 %	21.00 %
Tax expense (benefit) based on statutory rates	(3,601)	(6,992)
Difference in tax rates	(5,642)	(4,463)
Gain on fair value of derivative	(3,012)	(4,564)
IRC Section 280E disallowed expenses	—	10,862
Share-based compensation	266	173
Deemed interest income	1,641	842
Write-off foreign NOL	1,320	—
Change in valuation allowance	3,630	5,554
State taxes, net	(2,315)	33
Change in uncertain tax positions	35,452	24,888
Impairment expense	—	1,539
Return to provision	1,905	2,786
Other differences	1,986	1,148
Total income tax expense	$ 31,630	$ 31,806
Effective tax rate	(184.5)%	(95.5)%

The Company's income tax payable of $2,299 as of December 31, 2024 included deferral of certain 2023 estimated income tax payments. The Company files income tax returns in the U.S., various U.S. state jurisdictions, and Canada, which have varying statutes of limitations. As of December 31, 2024, with few exceptions, all tax filings remain open for assessment.

Year-end deferred tax assets and liabilities were due to the following:

	Year Ended December 31,	
	2024	2023
Deferred tax assets:		
Lease liability	$ 19,300	$ 17,760
Net operating losses	20,329	22,661
Interest carryforward	7,726	563
Property and equipment	2,260	1,149
Other deferred tax assets	2,998	3,983
Valuation allowance	(26,580)	(22,951)
	$ 26,033	$ 23,165
Deferred tax liabilities:		
Right-of-use assets	$ (17,528)	$ (18,414)
Intangible assets	(4,705)	(5,211)
Other deferred tax liabilities	(378)	(235)
	$ (22,611)	$ (23,860)
Net deferred tax asset (liabilities) [1]	$ 3,422	$ (695)

[1] Net deferred tax assets are included in other non-current assets while net deferred tax liabilities are included in other non-current liabilities in the consolidated balance sheets.

(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

Realization of deferred tax assets associated with the net operating loss carryforwards is dependent upon generating sufficient taxable income prior to their expiration. A valuation allowance to reflect management's estimate of the temporary deductible differences that may expire prior to their utilization has been recorded at December 31, 2024 and 2023.

As of December 31, 2024, the Company had $69,578 of non-capital Canadian losses, $2,176 of capital Canadian losses, $50,866 of state net operating losses which expire in 2027-2044. The Company has not recorded $34,292 of these state net operating losses as an unrecognized tax benefit. To the extent that the benefit from these loss carryforwards are not expected to be realized, the Company has recorded a valuation allowance as follows: $69,578 for non-capital Canadian losses, $2,176 for capital Canadian losses, $5,728 for state net operating losses.

Due to its cannabis operations, the Company is subject to the limits of IRC Section 280E for U.S. federal income tax purposes as well as state income tax purposes for all states except for California and Colorado. Starting with the 2022 tax year, Massachusetts and New York also decoupled from IRC Section 280E, followed by Illinois in 2023 and Pennsylvania in 2024. Under IRC Section 280E, the Company is only allowed to deduct expenses directly related to cost of goods sold. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income which provides for effective tax rates that are well in excess of statutory tax rates. In connection with the preparation and filing of the fiscal 2022 federal income tax return, the Company changed its previous application of 280E to exclude certain parts of its business. In regards to fiscal years 2023 and 2024, the Company has taken the position that it does not owe taxes attributable to the application of 280E. However, since the Company's new tax position on 280E may be challenged by the IRS, the Company elected to treat the deductibility of these related expenses as an uncertain tax position. As of December 31, 2024, the balances in income tax payable and unrecognized tax benefits on the consolidated balance sheets include the impact of the tax position on 280E, which decreased current liabilities with a corresponding increase in non-current liabilities. There was no material impact to the consolidated statements of operations.

The Company has a liability for unrecognized tax benefits of $143,688 and $100,343 as of December 31, 2024 and 2023, respectively, inclusive of interest and penalties. Additionally, there are unrecognized deferred tax benefits of $23,607 and $17,303 as of December 31, 2024 and 2023, respectively. The Company anticipates that it is reasonably possible that its new tax position on 280E may require changes to the balance of unrecognized tax benefits within the next 12 months. However, an estimate of such changes cannot reasonably be made.

The total amount of interest and penalties related to the liability for unrecognized tax benefits recorded in income tax expense for the year ended December 31, 2024 and December 31, 2023 were $8,814 and $6,676, respectively.

A reconciliation of the beginning and ending amount of unrecognized tax benefits (exclusive of interest and penalties) are as follows:

Balance at January 1, 2023	$	48,258
Reductions based on lapse of statute of limitations		(1,946)
Additions based on tax positions related to the current year		19,843
Additions based on tax positions related to the prior year		38,470
Balance at December 31, 2023	$	104,625
Reductions based on lapse of statute of limitations		(1,692)
Additions based on tax positions related to the current year		25,041
Additions based on tax positions related to the prior year		11,631
Balance at December 31, 2024	$	139,605

(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

21. RELATED PARTY TRANSACTIONS

The Company had the following related party transactions:

	Year Ended December 31,		As of December 31,	
	2024	2023	2024	2023
Nature of transaction	Related Party Income (Expense)		Related Party Receivable (Payable)	
Second Lien Notes - interest expense and principal amount [(1)]	$ (2,360)	$ (2,223)	$ (20,096)	$ (19,788)
Term Loans - interest expense and principal amount [(2)]	$ (822)	$ —	$ (16,000)	$ —
Other debt [(3)]	$ —	$ —	$ —	$ (3,298)

(1) For the years ended December 31, 2024 and 2023, the Second Lien Notes payable and the related interest expense includes amounts related to certain senior key management as well as a significant investor. See Note 10 - Debt for information about the issuance of these notes.

(2) For the year ended December 31, 2024, the Term Loans payable and the related interest expense includes amounts related to the Company's Chief Executive Officer, as well as a significant investor, who each participated as Term Loan lenders in the Company's senior secured term loan refinancing completed in July 2024 in the principal amounts of $9,000 and $7,000 respectively, and also received 3,600,000 Term Loan Warrants and 2,800,000 Term Loan Warrants, respectively. Refer to Note 10 - Debt for more information.

(3) Other debt relates to Jushi Europe which was deconsolidated during the three months ended June 30, 2024. Refer to Note 10 - Debt for more information.

Refer to Note 25 - Subsequent Events for additional information on related party transactions that occurred after December 31, 2024.

22. COMMITMENTS AND CONTINGENCIES

Contingencies

Although the possession, cultivation and distribution of cannabis for medical and recreational use is permitted in certain states, cannabis is classified as a Schedule I controlled substance under the U.S. Controlled Substances Act and its use remains a violation of federal law. The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management believes that the Company is in material compliance with applicable local and state regulations as of December 31, 2024, marijuana regulations continue to evolve and are subject to differing interpretations. As a result, the Company could be subject to regulatory fines, penalties or restrictions at any time. Since federal law criminalizing the use of cannabis preempts state laws that legalize its use, strict enforcement of federal law regarding cannabis would likely result in the Company's inability to proceed with the Company's business plans. A change in administration due to the recent United States presidential election presents a risk of a change in federal policy. In addition, the Company's assets, including real property, cash and cash equivalents, equipment, inventory and other goods, could be subject to asset forfeiture because cannabis is still federally illegal.

Refer to Note 20 - Income Taxes for certain tax-related contingencies.

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, 2024, except as set forth below, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the Company's financial results. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

MJ's Market Matter

On March 31, 2023, MJ's Market, Inc. ("MJ's") filed a complaint in federal district court in Massachusetts adverse to Jushi Holdings Inc. and certain of its subsidiaries, including Jushi MA, Inc., Jushi Inc. and Nature's Remedy of Massachusetts, as well as the former owners and affiliates of Nature's Remedy of Massachusetts (the "Complaint"). The Complaint centrally claims that the structure of the Nature's Remedy of Massachusetts transaction providing for increased purchase price consideration if there is no competing dispensary within 2,500 foot radius by certain time periods, and the Company's filing with the Massachusetts Superior Court an appeal of the Town of Tyngsborough's decision to approve MJ's facility in contradiction of its own zoning bylaws are violations of the Sherman Antitrust Act, Massachusetts Antitrust Act, and Massachusetts Consumer Protection Act, as well as interference with contractual relations and abuse of process. MJ is seeking legal and equitable remedies including compensatory and other damages. The Company disputes such allegations, believes it has substantial defenses and is vigorously defending against the Complaint.

Sammartino Matter

On February 28, 2023, the Company informed Sammartino, the former owner of Nature's Remedy and certain of its affiliates, that Sammartino had breached several provisions of the Merger and Membership Interest Purchase Agreement between the Company, Sammartino and certain other parties thereto (as amended, the "MIPA") and/or fraudulently induced the Company to enter into, and not terminate, the MIPA. As a consequence of these breaches and the fraudulent inducement, the Company informed Sammartino that the Company had incurred significant damages, and pursuant to the terms of the MIPA, the Company had elected to offset these damages against certain promissory notes and shares the Company was to pay and issue, respectively, to Sammartino, and that Sammartino would be required to pay the remainder in cash. On March 13, 2023, Sammartino responded to the Company by alleging various procedural deficiencies with the Company's claim and provided the Company with a notice that the Company was in default of the MIPA for failing to issue certain shares of the Company to Sammartino. On March 21, 2023, Sammartino sent a second notice that the Company was in default of the promissory notes for failing to pay interest pursuant to their specified schedule. On March 23, 2023, the Company sent a second letter to Sammartino disputing each procedural deficiency claimed by Sammartino and disputing that the Company is in default of the MIPA or the promissory notes and that it properly followed the terms of the various agreements in electing to set off the damages.

Pacific Collective Matter

On October 24, 2022, Pacific Collective, LLC ("Pacific Collective") filed a complaint in state court in California against Jushi subsidiaries TGS CC Ventures, LLC ("TGS"), and Jushi Inc. Pacific Collective alleges that the Jushi subsidiaries breached a commercial property lease and lease guaranty and that Pacific Collective is entitled to recover in excess of $20,000 in damages. TGS believes it lawfully rescinded the lease based on Pacific Collective's failure to purchase the property that was the subject of the lease and to construct and deliver the building contemplated by the lease and is of the position that no damages are owed to Pacific Collective. The Referee assigned to the matter ruled in favor of and awarded fees and costs to TGS and Jushi. Pacific Collective filed an appeal on July 3, 2024.

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

Commitments

In addition to the contractual obligations outlined in Note 10 - Debt and Note 11 - Leases, the Company has commitments as of December 31, 2024 related to property and construction.

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

(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

In addition, the Company expects to incur capital expenditures for leasehold improvements and construction of buildouts of certain locations, including for properties for which the lease is conditional on obtaining the applicable related license or for which other contingencies exist.

401(k) Plan

The Company maintains a 401(k) plan, which is generally available to eligible employees. The Company makes safe harbor matching contributions, subject to a maximum contribution of 4% of the participant's compensation. The employer matching contributions to the 401(k) plan were $652 and $677 for the years ended December 31, 2024 and 2023, respectively.

23. FINANCIAL INSTRUMENTS

The following table sets forth the Company's financial assets and liabilities, subject to fair value measurements on a recurring basis, by level within the fair value hierarchy:

	As of December 31,	
	2024	2023
Financial assets: [1]		
Equity investment [2]	$ —	$ 200
Total financial assets	$ —	$ 200
Financial liabilities: [1]		
Derivative liabilities [3]	$ 3,128	$ 2,638
Contingent consideration liabilities [4]	5,912	817
Total financial liabilities	$ 9,040	$ 3,455

(1) The Company has no financial assets or liabilities in Level 1 or 2 within the fair value hierarchy as of December 31, 2024 and 2023, and there were no transfers between hierarchy levels during the years ended December 31, 2024 and 2023.

(2) The Company adjusted its equity investment carrying value as of December 31, 2024 and 2023 to reflect its equity balance of the investee, resulting in the recording of a loss on investment of $200 and $777 during the years ended December 31, 2024 and 2023, respectively. The loss on investment is included within other income (expense), net in the consolidated statements of operations.

(3) Refer to Note 13 - Derivative Liabilities.

(4) Refer to Note 6 - Acquisitions.

The carrying amounts of certain financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and certain accrued expenses, and certain other assets and liabilities held at amortized cost, approximate their fair values due to the short-term nature of these instruments. The equity investment approximates its fair value at December 31, 2024 and 2023, respectively. The carrying amounts of the promissory notes approximate their fair values as the effective interest rates are consistent with market rates. The carrying amount of the Second Lien Notes and the Senior Notes approximates its fair values as of December 31, 2024 and 2023, respectively.

24. BUSINESS CONCENTRATION

For the years ended December 31, 2024 and 2023, no single customer accounted for more than 10% of the Company's total sales.

As of December 31, 2024, three customers accounted for 44% of the Company's total accounts receivable balance. As of December 31, 2023, one customer accounted for 19% of the Company's total accounts receivable balance.

For the year ended December 31, 2024, the Company purchased 39% of it's inventory from two vendors. For the year ended December 31, 2023, the Company purchased 19% of its inventory from one vendor.

There were no single vendor that accounted for more than 10% of the Company's accounts payable and accrued expenses as of December 31, 2024 and 2023.

25. SUBSEQUENT EVENTS

On February 11, 2025, the Company executed an agreement with an unrelated third party to factor certain ERC claims amounting to $5,978 at a discount rate of 15%, and received $5,081 in net cash proceeds on February 14, 2025. The Company is also entitled to receive a portion of any interest paid on its respective ERC claims through the transaction date. Refer to Note 4 - Prepaid Expenses and Other Current Assets for more information on the valuation of the refund claims as of December 31, 2024.

On February 25, 2025, the Company issued US$3,719 principal amount of Second Lien Notes and C$2,000 principal amount of Second Lien Notes. The issuances of the Second Lien Notes were also accompanied by detached warrants to purchase the Company's subordinate voting shares, no par value per share, in a private placement. An entity affiliated with the Company's Chief Executive Officer was issued US$3,719 principal amount of United States dollar denominated Second Lien Notes, for a purchase price of US$3,347 and received up to 6,198,333 warrants. A significant investor also subscribed for C$2,000 principal amount of Canadian dollar denominated Second Lien Notes, for a purchase price of C$1,800 and received up to 2,346,333 warrants.