THIS MANAGEMENT’S DISCUSSION AND ANALYSIS

OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis ("MD&A") should be read in conjunction with the consolidated financial statements and notes thereto for the years ended December 31, 2024 and 2023 (the "Annual Financial Statements"). Unless the context indicates or requires otherwise, the terms "Jushi", "the Company", "we", "us" and "our" refers to Jushi Holdings Inc. and its controlled entities. The Annual Financial Statements have been prepared by management and are in accordance with generally accepted accounting principles in the United States ("GAAP"), and all amounts are expressed in U.S. dollars unless otherwise noted. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including but not limited to those described in the "Risk Factors" section of this Annual Report on Form 10-K. Actual results may differ materially from those contained in any forward-looking statements. You should read "Cautionary Note Regarding Forward-Looking Statements" and "Risk Factors" contained in this Annual Report on Form 10-K.

Company Overview

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

Refer to "*Item I. Business*" section and to our Annual Financial Statements and the related notes included elsewhere in this Annual Report on Form 10-K for additional information about us.

Factors Affecting our Performance and Related Trends

Competition and Pricing Pressure

The cannabis industry is subject to significant competition and pricing pressures, which is often market specific and can be caused by an oversupply of cannabis in the market, and may be transitory from period to period. We may experience significant competitive pricing pressures as well as competitive products and service providers in the markets in which we operate. Several significant competitors may offer products and/or services with prices that may match or are lower than ours. We believe that the products and services we offer are generally competitive with those offered by other cannabis companies. It is possible that one or more of our competitors could develop a significant research advantage over us that allows them to provide superior products or pricing, which could put us at a competitive disadvantage. Continued pricing pressure due to competition, increased cannabis supply or shifts in customer preferences could adversely impact our customer base or pricing structure, resulting in a material impact on our results of operations, or asset impairments in future periods. For further discussion on the impact of asset impairments during the years ended December 31, 2024 and 2023, refer to Note 7 - Goodwill and Other Intangible Assets of our Annual Financial Statements.

Recent Developments

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

The following represents our recent developments since the filing of our Form 10-Q for the quarterly period ended September 30, 2024, which was filed on November 7, 2024. For information on our developments in the earlier part of 2024, also refer to (i) Form 10-Q for the quarterly period ended June 30, 2024, which was filed on August 7, 2024 and (ii) Form 10-Q for the quarterly period ended March 31, 2024, which was filed on May 9, 2024. The Form 10-Qs may also be accessed on SEDAR.

Second Lien Notes

On February 25, 2025, we issued US$3,719 principal amount of 12% second lien notes due 2026 ("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 our 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.

Employee Retention Credit ("ERC") Claims

On February 11, 2025, we 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. We are also entitled to receive a portion of any interest paid on our respective ERC claims through the transaction date. The execution of this agreement was a recognizable subsequent event to the year ended December 31, 2024, in accordance with Topic ASC 855, Subsequent Events. Refer to Note 4 - Prepaid Expenses and Other Current Assets of our Annual Financial Statements included in this Annual Report on Form 10-K for more information.

Results of Operations

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

	Year Ended December 31,				2024 vs. 2023
	2024		2023		
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Change
REVENUE, NET	$ 257,525	100 %	$ 269,445	100 %	$ (11,920)
COST OF GOODS SOLD	(139,222)	54 %	(153,217)	57 %	13,995
GROSS PROFIT	118,303	46 %	116,228	43 %	2,075
OPERATING EXPENSES					
Selling, general and administrative	107,008	42 %	110,472	41 %	(3,464)
Asset impairments	432	— %	8,574	3 %	(8,142)
Total operating expenses	107,440	42 %	119,046	44 %	(11,606)
INCOME (LOSS) FROM OPERATIONS	10,863	4 %	(2,818)	(1)%	13,681
OTHER INCOME (EXPENSE):					
Interest expense, net	(37,425)	(15)%	(36,966)	(14)%	(459)
Fair value gain on derivative warrants	6,275	2 %	9,589	4 %	(3,314)
Other, net	3,140	1 %	(3,101)	(1)%	6,241
Total other income (expense), net	(28,010)	(11)%	(30,478)	(11)%	2,468
LOSS BEFORE INCOME TAX	(17,147)	(7)%	(33,296)	(12)%	16,149
Income tax expense	(31,630)	(12)%	(31,806)	(12)%	176
NET LOSS	$ (48,777)	(19)%	$ (65,102)	(24)%	$ 16,325
LOSS PER SHARE - BASIC AND DILUTED	$ (0.25)		$ (0.33)		$ 0.08
Weighted average shares outstanding - basic and diluted	195,158,282		194,770,212		388,070

Year Ended December 31, 2024 Compared with the Year Ended December 31, 2023

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

Revenue, Net

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

	Year Ended December 31,			
	2024	2023	$ Change	% Change
Retail cannabis	$ 227,930	$ 239,351	$ (11,421)	(5)%
Wholesale cannabis	29,595	30,094	(499)	(2)%
Total revenue, net	$ 257,525	$ 269,445	$ (11,920)	(4)%

Revenue, net was $257,525, compared to $269,445, a decrease of $11,920, or 4%.

Retail revenue decreased $11,421 primarily due to:

- A decline in sales in Illinois of $7,357 - while the number of units sold remained consistent, the average price per unit declined as a result of continued pricing pressures due to the neighboring state of Missouri moving to recreational use, as well as increased competition with competitors opening new stores in our markets;
- A decline in sales in Massachusetts of $2,753 - while the number of units sold increased approximately 5%, the average price per unit declined as we increased our use of promotions due to continued competition;
- A decline in sales in Nevada of $3,781 - the number of units sold decreased by approximately 5% which was driven by increased competition and price compression; and
- A decline in sales in Pennsylvania of $7,014 - while the average price per unit remained stable, the number of units sold decreased by approximately 6% which was driven by increased competition.

These declines were partially offset by an increase in sales in Virginia of $7,184 primarily due to the opening of one new store in August 2023, and an increase in sales in Ohio of $3,493 due to the transition to adult-use during the current year. Additionally in Ohio, beginning in Q4 2024, we consolidated two co-located medical and adult-use dispensaries as a result of our gaining control through management services agreement we entered into. Including these two co-located medical and adult-use dispensaries in Ohio, we ended 2024 with thirty-eight operating dispensaries in seven states, as compared to thirty-four in seven states at the end of 2023.

Wholesale revenue decreased $499. The decrease is primarily attributable to $3,324 decline in wholesale revenue in Massachusetts, $1,003 decline in Nevada and $1,004 decline in Pennsylvania due to continued competition and product availability to sell to third parties through our wholesale channel. These decreases were partially offset by wholesale revenue growth in Virginia of $4,336 as the cultivation and processing facility in Virginia matured and had more products available for sale to third parties.

Gross Profit

Gross profit was $118,303 compared to $116,228, an increase of $2,075, or 2%. Gross profit margin increased to 46% compared to 43%. The increase in gross profit and gross profit margin was driven by efficiencies at our cultivation and processing facilities which enabled us to reduce costs, partially offset by additional expenses in Ohio, including inventory write downs, as we ramp up our facilities in Ohio to support the transition to adult-use. In our retail channel, gross profit declined due to lower sales; however, gross profit margin improved 46 basis points as a result of increased sell-through of Jushi branded products at our retail stores. Jushi branded product sales as a percentage of total retail revenue were 55% across the Company’s five vertical markets compared to 50% in the prior year.

Operating Expenses

Operating expenses were $107,440 compared to $119,046, a decrease of $11,606, or 10%. The following table presents information on our operating expenses for the periods indicated:

	Year Ended December 31,			
	2024	2023	$ Change	% Change
Salaries, wages and employee related expenses	$ 56,443	$ 56,483	$ (40)	— %
Depreciation and amortization expense	15,459	10,656	4,803	45 %
Rent and related expenses	11,673	11,789	(116)	(1)%
Professional fees and legal expenses	6,744	7,732	(988)	(13)%
Share-based compensation expense	4,222	8,092	(3,870)	(48)%
Goodwill impairment	—	7,329	(7,329)	(100)%
Indefinite-lived intangible asset impairment	—	845	(845)	(100)%
Tangible long-lived asset impairment	432	400	32	8 %
Other expenses (1)	12,467	15,720	(3,253)	(21)%
Total operating expenses	$ 107,440	$ 119,046	$ (11,606)	(10)%

(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.

The decline in total operating expenses were due to: (i) impairment charges in 2023 primarily relating to goodwill in Nevada which was impaired due to lower than expected operating results; (ii) lower share-based compensation expense which reflects lower value of share-based compensation granted as well as forfeitures, and; (iii) lower expenses relating to administrative fees and software and technology costs. The decline in total operating expenses was partially offset by an increase in depreciation and amortization expense due to the expansion of our retail operations which resulted in certain fixed assets being placed into service, as well as amortization of our business licenses which commenced during the second quarter of 2024, as we concluded that our business licenses no longer have indefinite useful lives.

Other Income (Expense)

Interest Expense, Net

Interest expense, net, was $37,425 compared to $36,966, an increase of $459, or 1%.

Fair Value Gain on Derivatives

Fair value gain on derivatives was $6,275 compared to $9,589. Fair value gain on derivatives include the fair value changes relating to the derivative warrants. The derivative warrants are required to be remeasured at fair value at each reporting period. The fair value changes in derivatives were primarily attributable to the movement in our stock price during the corresponding period.

Other, Net

Other, net, was an income of $3,140 compared to an expense of $3,101, a change of $6,241. The current year primarily includes $1,896 gain on the deconsolidation of Jushi Europe, $1,529 foreign exchange gains, and $400 reversal of legal claim accruals no longer required, partially offset by $2,098 indemnification asset adjustment related to acquisitions made in prior years. The prior year primarily includes $1,292 indemnification asset adjustment related to acquisitions made in prior years, $777 loss on investment, and $545 foreign exchange gains.

Income Tax Expense

Total income tax expense was $31,630 compared to $31,806, a decrease of $176, or 1%.

Non-GAAP Measures and Reconciliation

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

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are financial measures that are not defined under GAAP. We define EBITDA as net income (loss), or “earnings”, before interest, income taxes, depreciation and amortization. We define Adjusted EBITDA as EBITDA before: (i) non-cash share-based compensation expense; (ii) inventory-related adjustments; (iii) fair value changes in derivatives; (iv) other (income)/expense items; (v) transaction costs; (vi) asset impairment; (vii) gain/loss on debt extinguishment; and (viii) start-up costs. These financial measures are metrics that have been adjusted from the GAAP net income (loss) measure in an effort to provide readers with a normalized metric in making comparisons more meaningful across the cannabis industry, as well as to remove non-recurring, irregular and one-time items that may otherwise distort the GAAP net income measure. Other companies in our industry may calculate this measure differently, limiting their usefulness as comparative measures.

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

Adjusted EBITDA for the years ended December 31, 2024 and 2023, was $46,177 and $40,768, respectively, resulting in an increase of $5,409 or 13%. The increase in Adjusted EBITDA was primarily due to the benefit of operating efficiencies at our cultivation and processing facilities, and lower operating expenses relating to professional fees, administrative expenses, software and technology cost.

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

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

	Year Ended December 31,	
	2024	2023
NET LOSS	$ (48,777)	$ (65,102)
Income tax expense	31,630	31,806
Interest expense, net	37,425	36,966
Depreciation and amortization [1]	29,889	26,588
EBITDA (Non-GAAP)	50,167	30,258
Non-cash share-based compensation	4,222	8,092
Fair value changes in derivatives	(6,275)	(9,589)
Indefinite-lived intangible asset impairment	—	845
Goodwill impairment	—	7,329
Tangible long-lived asset impairment	432	400
Gain on debt extinguishments	362	—
Other (income) expense, net [2][3]	(2,731)	3,129
Inventory-related adjustments [4]	—	285
Transaction costs	—	19
Adjusted EBITDA (Non-GAAP) [3]	$ 46,177	$ 40,768

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

(2) Includes: (i) remeasurement of contingent consideration related to acquisitions; (ii) losses (gains) on legal settlements; (iii) losses (gains) on lease terminations; (iv) losses (gains) on asset disposals; (v) foreign exchange losses (gains); (vi) indemnification asset adjustments related to acquisitions; (vii) severance costs; and (viii) gain on deconsolidation of Jushi Europe.

(3) The sum of the four quarters in 2023 will not add to the year to date amounts due to an overstatement of $503 add back relating to net foreign exchange losses.

(4) Includes inventory recall write-offs.

Liquidity and Capital Resources

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

Sources and Uses of Cash

We had cash, cash equivalents and restricted cash of $21,346 as of December 31, 2024.

The major components of our statements of cash flows for the years ended December 31, 2024 and 2023 are as follows:

	Year Ended December 31,	
	2024	2023
Net cash flows provided by (used in) operating activities	$ 21,569	$ (3,318)
Net cash flows used in investing activities	(7,067)	(6,392)
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

Operating activities

Cash provided by operations was $21,569, as compared to cash used in operations of $3,318. The change to cash provided by operating activities in the current year compared to cash used in operating activities in the prior year was primarily due to improved operating results, as well as an improvement in cash flow from working capital.

Investing activities

Net cash used in investing activities was $7,067 compared to $6,392. The current year includes $4,708 for the payments of property, plant and equipment for use in our operations and $5,207 for payments primarily related to the acquisition of additional licenses in Ohio, which were partially offset by $2,848 in proceeds from sale of non-core assets. The prior year includes $10,743 for the payments of property, plant and equipment for use in our operations partially offset by $4,351 in proceeds from sale of non-core assets.

Financing activities

Net cash used in financing activities was $24,461 compared to net cash provided by financing activities of $13,869. In July 2024, we refinanced our Senior Secured Credit Facility (the "Acquisition Facility") from Roxbury, LP, a portfolio company of SunStream Bancorp Inc., with proceeds from the issuance of Term Loans and cash on hand. Refer to Note 10 - Debt of our Annual Financial Statements included in this Annual Report on Form 10-K for more information.

The current year cash used in financing activities includes the following cash outflows:

- $60,125 in payments related to the Acquisition Facility debt which was extinguished in July 2024;
- $3,600 in payments to extinguish one of our acquisition related promissory notes;
- $2,750 in payments on promissory notes in the Debt Exchange;
- $2,689 in payments of loan financing costs;
- $2,091 in net finance lease obligation payments;
- $2,000 in payments of other financing activities; and
- $408 in payments of mortgage-related debt.

The current year cash outflows used in financing activities were partially offset by:

- $47,530 of net proceeds from the issuance of Term Loans;
- $1,633 of proceeds from other financing activities; and
- $39 in issuance of options from exercise.

The prior year net cash flows provided by financing activities includes $21,900 in proceeds from mortgage loans and $3,862 in proceeds from other financing activities, partially offset by $3,526 in net finance lease obligation payments, $4,875 in payments related to the Acquisition Facility debt, $3,031 in payments of other financing activities, $250 in payments of loan financing costs, and $211 in payments of mortgage-related debt.

Liquidity

We believe that our existing cash and cash equivalents and cash from operations will be sufficient to meet our working capital and capital expenditure needs for at least the next twelve months. Subsequent to December 31, 2024, we enhanced liquidity by factoring certain employee retention credit claims and we also issued Second Lien Notes - refer to Note 25 - Subsequent Events of our Annual Financial Statements included in this Annual Report on Form 10-K for more information. We may choose to take advantage of additional opportunistic capital raising or refinancing transactions at any time. Depending on our future results of operations, we may need to engage in additional equity financing or other debt refinancing transactions in the longer term beyond twelve months, although there can be no assurances that such additional debt or equity financing may be obtained on favorable terms when required, if at all.

Capital Resources

Off-Balance Sheet Arrangements

As of December 31, 2024, we do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Contractual Obligations

As a smaller reporting company, we are not required to provide the information under this item.

Critical Accounting Estimates

The preparation of our Annual Financial Statements in conformity with GAAP requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The critical accounting estimates and judgements are disclosed in Note 2 - Basis of Presentation and Summary of Significant Accounting Policies of our Annual Financial Statements included in this Annual Report on Form 10-K.