

ITEM 2. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

This management discussion and analysis (“MD&A”) of the financial condition and results of operations of Green Thumb Industries Inc. (the “Company”, “Green Thumb”, “we” or “us”) is for the three and nine months ended September 30, 2022 and 2021. It is supplemental to, and should be read in conjunction with, the Company’s unaudited interim condensed consolidated financial statements as of September 30, 2022 and the consolidated financial statements for the year ended December 31, 2021 included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021 filed with the U.S. Securities and Exchange Commission on March 1, 2022 (the “2021 Form 10-K”) and the accompanying notes for each respective period. The Company’s financial statements are prepared in accordance with accounting principles generally accepted in the United States (“GAAP”). Financial information presented in this MD&A is presented in United States dollars (“\$” or “US\$”), unless otherwise indicated.

This MD&A contains certain “forward-looking statements” and certain “forward-looking information” as defined under applicable United States securities laws. Please refer to the discussion of forward-looking statements and information set out under the heading “Disclosure Regarding Forward-Looking Statements,” identified in the “Risks and Uncertainties” section of this MD&A and in Part II, Item 1A, “Risk Factors” of the 2021 Form 10-K. As a result of many factors, the Company’s actual results may differ materially from those anticipated in these forward-looking statements and information.

COVID-19 Considerations

In March 2020, the World Health Organization categorized coronavirus disease 2019 (together with its variants “COVID-19”) as a pandemic. COVID-19 continues to spread throughout the U.S. and other countries across the world, and the duration, and severity of its effects are currently unknown. The Company continues to implement and evaluate actions to strengthen its financial position and support the continuity of its business and operations in the face of this pandemic and other events.

The Company’s priority during the COVID-19 pandemic is protecting the health and safety of its employees and its customers, following the recommended actions of government and health authorities. In the future, the pandemic may cause reduced demand for the Company’s products and services if, for example, the pandemic results in a recessionary economic environment or potential new restrictions on business operations or the movement of individuals.

During the first nine months of 2022, the Company’s revenue, gross profit and operating income were not negatively impacted by COVID-19 and the Company generally maintained the consistency of its operations. However, the effects of COVID-19 may impact its business operations for reasons including the potential quarantine of Green Thumb employees or those of its supply chain partners.

OVERVIEW OF THE COMPANY

Established in 2014 and headquartered in Chicago, Illinois, Green Thumb, a national cannabis consumer packaged goods company and retailer, promotes well-being through the power of cannabis while being committed to community and sustainable profitable growth. As of September 30, 2022, Green Thumb has operations in 15 U.S. markets, employs approximately 3,800 people and serves hundreds of thousands of patients and customers annually.

Green Thumb's core business is manufacturing, distributing and marketing a portfolio of owned cannabis consumer packaged goods brands (which we refer to as our Consumer Packaged Goods business), including &Shine, Beboe, Dogwalkers, Dr. Solomon's, Good Green, incredibles and RYTHM. The Company distributes and markets these products primarily to third-party licensed retail cannabis stores across the United States as well as to Green Thumb-owned Retail stores (which we refer to as our Retail business).

The Company's Consumer Packaged Goods portfolio is primarily generated from plant material that Green Thumb grows and processes itself, which we use to produce our consumer packaged goods in 17 manufacturing facilities. This portfolio consists of stock keeping units ("SKUs") across a range of our Consumer Packaged Goods products, including flower, pre-rolls, concentrates, vape, capsules, tinctures, edibles, topicals and other cannabis-related products (none of which are individually material to the Company). These Consumer Packaged Goods products are sold in Retail locations throughout the U.S. including at Green Thumb's own RISE and other Retail stores.

Green Thumb owns and operates a national cannabis retail chain called RISE which are relationship-centric retail experiences aimed to deliver a superior level of customer service through high-engagement consumer interaction, a consultative, transparent and education-forward selling approach and a consistently available assortment of cannabis products. In addition, Green Thumb owns Retail stores under other names, primarily where naming is subject to licensing or similar restrictions. The income from Green Thumb's Retail stores is primarily from the sale of cannabis-related products, which includes the sale of Green Thumb produced products as well as those produced by third parties, with an immaterial (under 10%) portion of this income resulting from the sale of other merchandise (such as t-shirts and accessories for cannabis use). The RISE stores are currently located in ten of the states in which we operate. As of September 30, 2022, the Company had 77 open and operating Retail locations. The Company's new store opening plans will remain fluid depending on market conditions, obtaining local licensing, construction and other permissions and are subject to the Company's capital allocation plans and the evolving situation with respect to COVID-19.

Results of Operations – Consolidated

The following table sets forth the Company's selected consolidated financial results for the periods, and as of the dates, indicated. The (i) unaudited interim condensed consolidated statements of operations for the three and nine months ended September 30, 2022 and 2021 and (ii) unaudited interim condensed consolidated balance sheet as of September 30, 2022 and December 31, 2021 have been derived from, and should be read in conjunction with, the unaudited interim condensed consolidated financial statements and accompanying notes presented in Part I, Item 1 of this Report.

The Company's unaudited interim condensed consolidated financial statements have been prepared in accordance with GAAP and on a going-concern basis that contemplates continuity of operations and realization of assets and liquidation of liabilities in the ordinary course of business.

	Three Months Ended September 30,		Nine Months Ended September 30,		QTD Change		YTD Change	
	2022	2021	2022	2021	\$	%	\$	%
	(in thousands, except share and per share amounts)							
Revenues, Net of Discounts	\$ 261,194	\$ 233,677	\$ 758,105	\$ 649,979	\$ 27,517	12%	\$ 108,126	17%
Cost of Goods Sold, Net	(129,954)	(104,159)	(378,127)	(286,685)	(25,795)	(25)%	(91,442)	32%
Gross Profit	131,240	129,518	379,978	363,294	1,722	1%	16,684	5%
Total Expenses	82,479	71,449	214,402	202,836	11,030	15%	11,566	6%
Income From Operations	48,761	58,069	165,576	160,458	(9,308)	(16)%	5,118	3%
Total Other Income (Expense)	(5,644)	837	1,429	(5,940)	(6,481)	(774)%	7,369	124%
Income Before Provision for Income Taxes And Non-Controlling Interest	43,117	58,906	167,005	154,518	(15,789)	(27)%	12,487	8%
Provision for Income Taxes	32,969	37,320	102,440	98,203	(4,351)	(12)%	4,237	4%
Net Income Before Non-Controlling Interest	10,148	21,586	64,565	56,315	(11,438)	(53)%	8,250	15%
Net Income Attributable to Non-Controlling Interest	319	1,376	1,360	3,685	(1,057)	(77)%	(2,325)	(63)%
Net Income Attributable To Green Thumb Industries Inc.	\$ 9,829	\$ 20,210	\$ 63,205	\$ 52,630	\$ (10,381)	(51)%	\$ 10,575	20%
Net Income Per Share - Basic	\$ 0.04	\$ 0.09	\$ 0.27	\$ 0.24	\$ (0.05)	(56)%	\$ 0.03	13%
Net Income Per Share - Diluted	\$ 0.04	\$ 0.08	\$ 0.26	\$ 0.23	\$ (0.0)	(50)%	\$ 0.03	13%
Weighted Average Number of Shares Outstanding – Basic	237,002,873	226,529,671	236,546,078	221,059,870				
Weighted Average Number of Shares Outstanding – Diluted	237,804,799	230,879,437	237,872,595	225,411,773				

	September 30, 2022	December 31, 2021
	(in thousands)	
Total Assets	\$ 2,455,880	\$ 2,385,851
Long-Term Liabilities	\$ 619,634	\$ 561,994

Three Months Ended September 30, 2022 Compared to the Three Months Ended September 30, 2021

Revenues, Net of Discounts

Revenue for the three months ended September 30, 2022 was \$261,194 thousand, up 12% from \$233,677 thousand for the three months ended September 30, 2021, driven by contributions from both Retail and Consumer Packaged Goods. Key performance drivers for the Retail business for the quarter were: legalization of adult use sales in New Jersey, which began on April 21, 2022, as well as new store openings including acquired Retail stores, particularly in Illinois, Maryland, Massachusetts, Minnesota, Rhode Island and Virginia and increased store traffic to Green Thumb's open and operating Retail stores, particularly in Illinois. The Company generated revenue from 77 Retail locations during the quarter compared to 65 in the same quarter of the prior year. Since September 30, 2021, the Company acquired one Retail store in Illinois, one in Maryland, five in Minnesota and opened five new Retail stores in Massachusetts, Nevada, Virginia and Minnesota that contributed to the increase in Retail revenues.

The key drivers for the increase in Consumer Packaged Goods revenues was increased sales in New Jersey due to legalization of adult use sales, which began on April 21, 2022, and growth in Illinois. In addition, the Company also acquired one cultivation and processing facility in Minnesota since September 30, 2021.

Cost of Goods Sold, Net

Cost of goods sold are derived from Retail purchases made by the Company from its third-party licensed producers operating within our state markets and costs related to the internal cultivation and production of cannabis. Cost of goods sold for the three months ended September 30, 2022 was \$129,954 thousand, up 25% from \$104,159 thousand for the three months ended September 30, 2021, driven by increased volume from open and operating Retail stores, new and acquired Retail store openings in Illinois, Maryland, Massachusetts, Minnesota, Nevada and Virginia, and expansion of the consumer products sales primarily in Illinois and New Jersey as described above.

Gross Profit

Gross profit for the three months ended September 30, 2022 was \$131,240 thousand, representing a gross margin on the sale of branded cannabis flower and processed and packaged products including concentrates, edibles, topicals and other cannabis products of 50%. This is compared to gross profit for the three months ended September 30, 2021 of \$129,518 thousand, or a 55% gross margin. The increase in gross profit (dollars) was directly attributable to the revenue increase as described above.

Total Expenses

Total expenses for the three months ended September 30, 2022 were \$82,479 thousand, or 32% of revenues, net of discounts, resulting in a increase of \$11,030 thousand over the same period in the prior year. Total expenses for the three months ended September 30, 2021 were \$71,449 thousand or 31% of revenues, net of discounts. The increase in total expenses was attributable to Retail salaries and benefits, depreciation expense and other operational and facility expenses mainly as a result of the Company's addition of five new and seven acquired Retail stores over the prior year period. In addition, an increase in intangible amortization expense and corporate staff salaries also contributed to the overall increase in total expenses.

Total Other Income (Expense)

Total other income (expense) for the three months ended September 30, 2022 was \$(5,644) thousand, a change of \$(6,481) thousand, primarily due to unfavorable fair value adjustments associated with the Company's warrant liability offset by a reduction in interest expense associated with the Company's contingent consideration arrangements during the three months ended September 30, 2022.

Income (Loss) Before Provision for Income Taxes and Non-Controlling Interest

Income before provision for income taxes and non-controlling interest for the three months ended September 30, 2022 was \$43,117 thousand, an decrease of \$(15,789) thousand compared to the three months ended September 30, 2021.

As presented under the heading "Non-GAAP Measures" below, after adjusting for non-cash equity incentive compensation of \$7,878 thousand and \$4,995 thousand and other nonoperating (income) expenses, of \$3,306 thousand and \$944 thousand in the three months ended September 30, 2022 and 2021, respectively, adjusted operating earnings before interest, depreciation, and amortization ("EBITDA") was \$84,463 thousand and \$81,181 thousand, in the three months ended September 30, 2022 and 2021, respectively.

Provision for Income Taxes

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end. For the three months ended September 30, 2022, federal and state income tax expense totaled \$32,969 thousand compared to expense of \$37,320 thousand for the three months ended September 30, 2021.

Net Income Attributable to Green Thumb Industries

Net income attributable to the Green Thumb Industries for the three months ended September 30, 2022 was \$9,829 thousand or \$0.04 per basic and diluted share, compared to a net income of \$20,210 thousand, or \$0.09 per basic and \$0.08 per diluted share in the same period in the prior year. The reduction in net income of \$10,381 thousand was primarily due to favorable fair value adjustments to the Company's warrant liability as reflected within other income (expense), net during the comparable period in the prior year.

Nine Months Ended September 30, 2022 Compared to the Nine Months Ended September 30, 2021

Revenues, Net of Discounts

Revenue for the nine months ended September 30, 2022 was \$758,105 thousand, up 17% from \$649,979 for the nine months ended September 30, 2021, driven by contributions from both Retail and Consumer Packaged Goods largely due to legalization of adult use sales in New Jersey, which began on April 21, 2022, continued growth in Illinois, and new and acquired store openings, particularly in Maryland, Massachusetts, Minnesota, Rhode Island and Virginia. The Company generated revenue from 77 Retail locations during the period compared to 65 in the same period of the prior year. During the nine months ended September 30, 2022, the Company opened three new Retail stores. Since September 30, 2021, the Company acquired one Retail store in Illinois, one in Maryland, five in Minnesota, and opened five new Retail stores in Massachusetts, Nevada, Virginia and Minnesota that contributed to the increase in Retail revenues.

The key drivers for the increase in Consumer Packaged Goods revenues was increased sales in New Jersey due to legalization of adult use sales which began on April 21, 2022, and growth in Illinois and Virginia. In addition, the Company also acquired a cultivation and processing facility in Minnesota since September 30, 2021.

Cost of Goods Sold, Net

Cost of goods sold are derived from Retail purchases made by the Company from its third-party licensed producers operating within our state markets and costs related to the internal cultivation and production of cannabis. Cost of goods sold for the nine months ended September 30, 2022 was \$378,127 thousand, up 32% from \$286,685 thousand for the nine months ended September 30, 2021, driven by increased volume from open and operating Retail stores, new and acquired Retail store openings in Illinois, Maryland, Massachusetts, Minnesota, Nevada, and Virginia, and expansion of the consumer products sales primarily in Illinois and New Jersey as described above.

Gross Profit

Gross profit for the nine months ended September 30, 2022 was \$379,978 thousand, representing a gross margin on the sale of branded cannabis flower and processed and packaged products including concentrates, edibles, topicals and other cannabis products of 50%. This is compared to gross profit for the nine months ended September 30, 2021 of \$363,294 thousand or a 56% gross margin. The increase in gross profit (dollars) was directly attributable to the revenue increase as described above.

Total Expenses

Total expenses for the nine months ended September 30, 2022 were \$214,402 thousand, or 28% of revenues, net of discounts, resulting in an increase of \$11,566 thousand over the same period in the prior year. Total expenses for the nine months ended September 30, 2021 were \$202,836 thousand or 31% of revenues, net of discounts. The increase in total expenses was attributable to Retail salaries and benefits, depreciation expense and other operational and facility expenses mainly as a result of the Company's addition of five new and seven acquired retail stores over the prior year period. In addition, an increase in intangible amortization expense and corporate staff salaries contributed to the overall increase in total expenses which was partially offset by the remeasurement of the Company's contingent consideration arrangements associated with two acquisitions that occurred in 2021.

Total Other Income (Expense)

Total other income (expense) for the nine months ended September 30, 2022 was \$1,429 thousand, a change of \$7,369 thousand, mainly due to favorable fair value adjustments associated with the Company's acquisition of ILDISP as well as the change in the fair value of the Company's warrant liability, offset by unfavorable fair value adjustments on the Company's equity investments during the nine months ended September 30, 2022.

Income (Loss) Before Provision for Income Taxes and Non-Controlling Interest

Net operating income before provision for income taxes and non-controlling interest for the nine months ended September 30, 2022 was \$167,005 thousand, an increase of \$12,487 thousand compared to the nine months ended September 30, 2021.

As presented under the heading “Non-GAAP Measures” below, after adjusting for non-cash equity incentive compensation of \$19,362 thousand and \$14,698 thousand, and other nonoperating (income) expenses, of \$(26,405) thousand and \$9,425 thousand in the nine months ended September 30, 2022 and 2021, respectively, Adjusted Operating EBITDA was \$230,239 thousand and \$231,820 thousand, in the nine months ended September 30, 2022 and 2021, respectively.

Provision for Income Taxes

Income tax expense is recognized based on the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year-end. For the nine months ended September 30, 2022, federal and state income tax expense totaled \$102,440 thousand compared to expense of \$98,203 thousand for the nine months ended September 30, 2021.

Net Income Attributable to Green Thumb Industries

Net income attributable to the Green Thumb Industries for the nine months ended September 30, 2022 was \$63,205 thousand or \$0.27 per basic and \$0.26 per diluted share, compared to a net income of \$52,630 thousand, or \$0.24 per basic and \$0.23 per diluted share in the same period in the prior year. The increase in net income of \$10,575 thousand was primarily due to favorable fair value adjustments as reflected within other income (expense), net during the current year.

Results of Operations by Segment

The following table summarizes revenues net of sales discounts by segment for the three and nine months ended September 30, 2022 and 2021:

	<u>Three Months Ended September 30,</u>		<u>\$</u>	<u>%</u>
	<u>2022</u>	<u>2021</u>		
	<u>(in thousands)</u>			
Retail	\$ 199,632	\$ 161,016	\$ 38,616	24%
Consumer Packaged Goods	127,676	121,074	6,602	5%
Intersegment Eliminations	(66,114)	(48,413)	(17,701)	37%
Total Revenues, Net of Discounts	\$ 261,194	\$ 233,677	\$ 27,517	12%
	<u>Nine Months Ended September 30,</u>			
	<u>2022</u>	<u>2021</u>	<u>\$</u>	<u>%</u>
	<u>(in thousands)</u>		<u>Change</u>	<u>Change</u>
Retail	\$ 564,951	\$ 441,241	\$ 123,710	28%
Consumer Packaged Goods	368,692	343,014	25,678	7%
Intersegment Eliminations	(175,538)	(134,276)	(41,262)	31%
Total Revenues, Net of Discounts	\$ 758,105	\$ 649,979	\$ 108,126	17%

Three Months Ended September 30, 2022 Compared with the Three Months Ended September 30, 2021

Revenues, Net of Discounts, for the Retail segment were \$199,632 thousand, an increase of \$38,616 thousand or 24% compared to the three months ended September 30, 2021. The increase in Retail revenues, net of discounts, was primarily driven by legalization of adult use in New Jersey, which began on April 21, 2022, as well as new store openings including acquired Retail stores in Illinois, Maryland, Massachusetts, Minnesota, Nevada and Virginia and increased store traffic to Green Thumb’s open and operating Retail stores, particularly in Illinois.

Revenues, Net of Discounts, for the Consumer Packaged Goods segment were \$127,676 thousand, an increase of \$6,602 thousand or 5% compared to the three months ended September 30, 2021. The key drivers for the increase in Consumer Packaged Goods revenues was increased sales in New Jersey due to legalization of adult use sales, which began on April 21, 2022, and continued growth in Illinois. In addition, the Company also acquired a cultivation and processing facility in Minnesota since September 30, 2021.

Intersegment eliminations associated with the Consumer Packaged Goods segment were \$(66,114) thousand, an increase of \$(17,701) thousand or 37% compared to the three months ended September 30, 2021. The increase in intersegment eliminations was driven by increased intercompany sales to Company-owned Retail stores as well as to newly acquired Retail stores as discussed above. Consumer Packaged Goods revenues, net of intersegment eliminations, made up 24% of total revenues during the three months ended September 30, 2022 as compared to 31% during the three months ended September 30, 2021.

Due to the vertically integrated nature of the business, the Company reviews its revenue at the Retail and Consumer Packaged Goods level while reviewing its operating results on a consolidated basis.

Nine Months Ended September 30, 2022 Compared with the Nine Months Ended September 30, 2021

Revenues, Net of Discounts, for the Retail segment were \$564,951, an increase of \$123,710 or 28%, compared to the nine months ended September 30, 2021. The increase in Retail revenues, net of discounts, was primarily driven by legalization of adult use sales in New Jersey, which began on April 21, 2022, continued growth in Illinois, and new and acquired store openings in Illinois, Maryland, Massachusetts, Minnesota, Nevada and Virginia and increased store traffic to Green Thumb's open and operating Retail stores, particularly in Illinois.

Revenues, Net of Discounts, for the Consumer Packaged Goods segment were \$368,692 thousand, an increase of \$25,678 thousand or 7%, compared to the nine months ended September 30, 2021. The key drivers for the increase in Consumer Packaged Goods revenues was increased sales in New Jersey due to legalization of adult use sales, which began on April 21, 2022 and continued growth in Illinois. In addition, the Company also acquired a cultivation and processing facility in Minnesota since September 30, 2021.

Intersegment eliminations associated with the Consumer Packaged Goods segment were \$(175,538) thousand, an increase of \$(41,262) thousand or 31% compared to the nine months ended September 30, 2021. The increase in intersegment eliminations was driven by increased intercompany sales to Company-owned Retail stores as well as to newly acquired Retail stores as discussed above. Consumer Packaged Goods revenues, net of intersegment eliminations, made up 25% of total revenues during the nine months ended September 30, 2022 as compared to 32% during the nine months ended September 30, 2021.

Due to the vertically integrated nature of the business, the Company reviews its revenue at the Retail and Consumer Packaged Goods level while reviewing its operating results on a consolidated basis.

Drivers of Results of Operations

Revenue

The Company derives its revenue from two revenue streams: a Consumer Packaged Goods business in which it manufactures, sells and distributes its portfolio of Consumer Packaged Goods brands including &Shine, Beboe, Dogwalkers, Dr. Solomon's, Good Green, incredibles, and RYTHM, primarily to third-party customers; and a Retail business in which it sells finished goods sourced primarily from third-party cannabis manufacturers in addition to the Company's own Consumer Packaged Goods products direct to the end consumer in its Retail stores, as well as direct-to-consumer delivery where applicable by state law.

For the three and nine months ended September 30, 2022, revenue was contributed from Consumer Packaged Goods and Retail sales across California, Colorado, Connecticut, Florida, Illinois, Maryland, Massachusetts, Minnesota, Nevada, New Jersey, New York, Ohio, Pennsylvania, Rhode Island and Virginia.

Gross Profit

Gross profit is revenue less cost of goods sold. Cost of goods sold includes the costs directly attributable to product sales and includes amounts paid for finished goods, such as flower, edibles, and concentrates, as well as packaging and other supplies, fees for services and processing, and allocated overhead which includes allocations of rent, utilities and related costs. Cannabis costs are affected by various state regulations that limit the sourcing and procurement of cannabis product, which may create fluctuations in gross profit over comparative periods as the regulatory environment changes. Gross margin measures our gross profit as a percentage of revenue.

During the nine months ended September 30, 2022, the Company continued to be focused on creating sustainable, profitable growth of the Company's business while pursuing expansion. Green Thumb expects to continue its growth strategy for the foreseeable future as the Company expands its Consumer Packaged Goods and Retail footprint within its current markets with acquisitions and partnerships, and scales resources into new markets.

Total Expenses

Total expenses other than the cost of goods sold consist of selling costs to support customer relationships and marketing and branding activities. It also includes a significant investment in the corporate infrastructure required to support the Company's ongoing business.

Retail selling costs generally correlate to revenue. As new locations begin operations, these locations generally experience higher selling costs as a percentage of revenue compared to more established locations, which experience a more constant rate of selling costs. As a percentage of sales, the Company expects selling costs to remain constant in the more established locations and increase in the newer locations as the business continues to grow.

General and administrative expenses also include costs incurred at the Company's corporate offices, primarily related to back office personnel costs, including salaries, incentive compensation, benefits, stock-based compensation and other professional service costs. The Company expects to continue to invest in this area to support expansion plans and the business.

Provision for Income Taxes

The Company is subject to income taxes in the jurisdictions in which it operates and, consequently, income tax expense is a function of the allocation of taxable income by jurisdiction and the various activities that impact the timing of taxable events. As the Company operates in the federally illegal cannabis industry, it is subject to the limitations of the U.S. Internal Revenue Code of 1986, as amended ("IRC") Section 280E, under which taxpayers are only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E and a higher effective tax rate than most industries. Therefore, the effective tax rate can be highly variable and may not necessarily correlate to pre-tax income or loss.

Non-GAAP Measures

EBITDA, Adjusted Operating EBITDA, and Adjusted EBITDA are non-GAAP measures and do not have standardized definitions under GAAP. The following information provides reconciliations of the supplemental non-GAAP financial measures, presented herein to the most directly comparable financial measures calculated and presented in accordance with GAAP. The Company has provided the non-GAAP financial measures, which are not calculated or presented in accordance with GAAP, as supplemental information and in addition to the financial measures that are calculated and presented in accordance with GAAP. These supplemental non-GAAP financial measures are presented because management has evaluated the financial results both including and excluding the adjusted items and believe that the supplemental non-GAAP financial measures presented provide additional perspective and insights when analyzing the core operating performance of the business. These supplemental non-GAAP financial measures should not be considered superior to, as a substitute for or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
	(in thousands)		(in thousands)	
Net Income Before Non-Controlling Interest	\$ 10,148	\$ 21,586	\$ 64,565	\$ 56,315
Interest Income, net	(1,085)	(328)	(2,609)	(674)
Interest Expense, net	4,644	7,616	16,113	16,419
Provision For Income Taxes	32,969	37,320	102,440	98,203
Other Income (Expense), Net	2,085	(8,125)	(14,933)	(9,805)
Depreciation and amortization	24,518	17,173	71,706	47,239
Earnings before interest, taxes, depreciation and amortization (EBITDA) (non-GAAP measure)	\$ 73,279	\$ 75,242	\$ 237,282	\$ 207,697
Stock-based compensation, non-cash	7,878	4,995	19,362	14,698
Acquisition, transaction and other non-operating (income) costs	3,306	944	(26,405)	9,425
Adjusted Operating EBITDA (non-GAAP measure)	\$ 84,463	\$ 81,181	\$ 230,239	\$ 231,820

Liquidity, Financing Activities During the Period, and Capital Resources

As of September 30, 2022 and December 31, 2021, the Company had total current liabilities of \$129,439 thousand and \$204,379 thousand, respectively, and cash and cash equivalents of \$147,258 thousand and \$230,420 thousand, respectively, to meet its current obligations. The Company had working capital of \$189,121 thousand as of September 30, 2022, an increase of \$29,270 thousand as compared to December 31, 2021. This increase in working capital was primarily driven by an additional \$55,000 thousand tenant improvement allowance provided as part of the third amendment to the lease of one of the Company's cultivation and processing facilities in Danville, Pennsylvania with Innovative Industrial Properties, Inc. ("IIP").

The Company is an early-stage growth company generating cash from revenues, deploying its capital reserves to acquire and develop assets capable of producing additional revenues and earnings over both the immediate and long term. Capital reserves are primarily being utilized for capital expenditures, facility improvements, strategic investment opportunities, product development and marketing, as well as customer, supplier, investor and industry relations.

While the Company's revenue, gross profit and operating income were not materially impacted by COVID-19 and the Company maintained the consistency of its operations during the first nine months of 2022, the effects of COVID-19 may impact the Company's business operations for reasons including the potential quarantine of employees or those of supply chain partners. The Company takes a cautious approach in allocating its capital to maximize its returns while ensuring appropriate liquidity. Given the current uncertainty of the future economic environment, the Company has taken additional measures in monitoring and deploying its capital to minimize the negative impact on its current operations and expansion plans.

Cash Flows

Cash Used in Operating Activities, Investing and Financing Activities

Net cash provided by (used in) operating, investing and financing activities for the nine months ended September 30, 2022 and 2021, were as follows:

	Nine Months Ended September 30,	
	2022	2021
	(in thousands)	
Net Cash Provided by Operating Activities	\$ 88,220	\$ 82,767
Net Cash Used in Investing Activities	\$ (161,168)	\$ (148,280)
Net Cash Provided by (Used in) Financing Activities	\$ (10,214)	\$ 267,547

Off-Balance Sheet Arrangements

As of September 30, 2022, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Changes in or Adoption of Accounting Practices

Refer to the discussion of recently adopted/issued accounting pronouncements under Part I, Item 1, Notes to Unaudited Interim Condensed Consolidated Financial Statements, Note 1 - Overview and Basis of Presentation of this Report.

Critical Accounting Policies and Significant Judgements and Estimates

There were no material changes to our critical accounting policies and estimates from the information provided in Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in the 2021 Form 10-K.