# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**WASHINGTON, D.C. 20549**

# FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2023**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the transition period from to**

**Commission file number 000-56132**

# GREEN THUMB INDUSTRIES INC.
**(Exact name of registrant as specified in its charter)**

| | |
|---|---|
| **British Columbia**<br>(State or other jurisdiction of incorporation or organization) | **98-1437430**<br>(I.R.S. employer identification no.) |
| **325 West Huron Street, Suite 700 Chicago, Illinois**<br>(Address of principal executive offices) | **60654**<br>(zip code) |

**Registrant's telephone number, including area code - (312) 471-6720**

**Securities registered pursuant to Section 12(g) of the Act:**
**Subordinate Voting Shares**
**Multiple Voting Shares**
**Super Voting Shares**
(Title of each Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 day. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| Emerging growth company | ☐ | | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

As of August 1, 2023, there were 209,739,033 shares of the registrant's Subordinate Voting Shares, 3,853,100 shares of the registrant's Multiple Voting Shares (on an as converted basis) and 25,169,000 shares of the registrant's Super Voting Shares (on an as converted basis).

## 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" or "Green Thumb") is for the three and six months ended June 30, 2023 and 2022. It is supplemental to, and should be read in conjunction with, the Company's unaudited interim condensed consolidated financial statements as of June 30, 2023 and the consolidated financial statements for the year ended December 31, 2022 included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 filed with the U.S. Securities and Exchange Commission on March 1, 2023 (the "2022 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 2022 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.

### OVERVIEW OF THE COMPANY

Established in 2014 and headquartered in Chicago, Illinois, Green Thumb promotes well-being through the power of cannabis through branded consumer packaged goods and people-first retail experiences, while giving back to the communities in which it serves. As of June 30, 2023, Green Thumb has operations in fifteen U.S. markets, employs approximately 4,300 people and serves millions 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, Doctor 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 eighteen manufacturing facilities. This portfolio consists of stock keeping units across a range of cannabis product categories, including flower, pre-rolls, concentrates, vape, capsules, tinctures, edibles, topicals and other cannabis-related products (none of which product categories are individually material to the Company). These Consumer Packaged Goods products are sold in retail stores throughout the U.S. including at Green Thumb's own RISE and other stores.

Green Thumb owns and operates a national cannabis retail chain called RISE that provides 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 stores under other names, primarily where naming is subject to licensing or similar restrictions or in certain instances where we co-own the store. The income from Green Thumb's retail stores is primarily derived 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 currently are located in fourteen of the states in which we operate. As of June 30, 2023, the Company had 83 open and operating retail stores. The Company's new store opening plans will remain fluid depending on market conditions, obtaining local licensing, construction and other permissions and subject to the Company's capital allocation plans.

***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 six months ended June 30, 2023 and 2022 and (ii) unaudited interim condensed consolidated balance sheet as of June 30, 2023 and December 31, 2022 have been derived from, and should be read in conjunction with, the unaudited interim condensed consolidated financial statements and accompanying notes presented in Item 1 of this quarterly report on Form 10-Q.

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 June 30, | | Six Months Ended June 30, | | QTD Change | | YTD Change | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | $ | % | $ | % |
| | (in thousands, except share and per share amounts) | | | | Increase (Decrease) | | | |
| Revenues, Net of Discounts | $ 252,388 | $ 254,311 | $ 500,924 | $ 496,911 | $ (1,923) | (1)% | $ 4,013 | 1% |
| Cost of Goods Sold, Net | (127,108) | (128,513) | (250,923) | (248,173) | (1,405) | (1)% | 2,750 | 1% |
| Gross Profit | 125,280 | 125,798 | 250,001 | 248,738 | (518) | (0)% | 1,263 | 1% |
| **Expenses:** | | | | | | | | |
| Selling, General, and Administrative | 84,217 | 63,535 | 164,736 | 131,923 | 20,682 | 33% | 32,813 | 25% |
| Total Expenses | 84,217 | 63,535 | 164,736 | 131,923 | 20,682 | 33% | 32,813 | 25% |
| Income From Operations | 41,063 | 62,263 | 85,265 | 116,815 | (21,200) | (34)% | (31,550) | (27)% |
| Total Other Income (Expense) | (1,608) | 808 | (2,769) | 7,073 | (2,416) | (299)% | (9,842) | (139)% |
| Income Before Provision for Income Taxes And Non-Controlling Interest | 39,455 | 63,071 | 82,496 | 123,888 | (23,616) | (37)% | (41,392) | (33)% |
| Provision for Income Taxes | 25,765 | 38,340 | 59,401 | 69,471 | (12,575) | (33)% | (10,070) | (14)% |
| Net Income Before Non-Controlling Interest | 13,690 | 24,731 | 23,095 | 54,417 | (11,041) | (45)% | (31,322) | (58)% |
| Net Income Attributable to Non-Controlling Interest | 290 | 294 | 556 | 1,041 | (4) | (1)% | (485) | (47)% |
| Net Income Attributable To Green Thumb Industries Inc. | $ 13,400 | $ 24,437 | $ 22,539 | $ 53,376 | $ (11,037) | (45)% | $ (30,837) | (58)% |
| Net Income Per Share - Basic | $ 0.05 | $ 0.11 | $ 0.09 | $ 0.23 | $ (0.06) | (55)% | $ (0.14) | (61)% |
| Net Income Per Share - Diluted | $ 0.05 | $ 0.10 | $ 0.09 | $ 0.22 | $ (0.05) | (50)% | $ (0.13) | (59)% |
| Weighted Average Number of Shares Outstanding – Basic | 238,000,135 | 236,783,625 | 237,700,856 | 236,313,896 | | | | |
| Weighted Average Number of Shares Outstanding – Diluted | 238,423,288 | 237,762,903 | 239,455,964 | 237,869,300 | | | | |

| | June 30, 2023 | December 31, 2022 |
|---|---|---|
| | (in thousands) | |
| Total Assets | $ 2,512,834 | $ 2,433,528 |
| Long-Term Liabilities | $ 631,757 | $ 621,525 |

***Three Months Ended June 30, 2023 Compared to the Three Months Ended June 30, 2022***

*Revenues, net of Discounts*

Revenue for the three months ended June 30, 2023 was $252,388 thousand, a decrease of 1% from $254,311 thousand for the three months ended June 30, 2022. The Company increased the number of total units sold, but due to price compression, total revenue declined. This decrease was partially offset by continued growth in existing markets such as New Jersey, Virginia, and Connecticut, as well as revenue generated from new retail stores opened in the current period.

The Company generated revenue from 83 retail stores during the quarter, compared to 77 in the same quarter of the prior year. During the three months ended June 30, 2023, the Company opened two retail stores in Pennsylvania, two retail stores in Virginia, one retail store in Minnesota, and one retail store in Nevada.

*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 June 30, 2023 was $127,108 thousand, a decrease of 1% from $128,513 thousand for the three months ended June 30, 2022, driven by the decrease in revenue as described above.

*Gross Profit*

Gross profit for the three months ended June 30, 2023 was $125,280 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 June 30, 2022 of $125,798 thousand, or a 49% gross margin. The increase in gross margin (percent) was primarily driven by increased sales of Company branded products which have higher margins. The decrease in gross profit (dollars) was directly attributable to the revenue decrease as described above.

*Total Expenses*

Total expenses for the three months ended June 30, 2023 were $84,217 thousand, or 33% of revenues, net of discounts, resulting in an increase of $20,682 thousand over the same period in the prior year. Total expenses for the three months ended June 30, 2022 were $63,535 thousand or 25% of revenues, net of discounts. Total expenses were lower in the three months ended June 30, 2022 primarily due to favorable fair value adjustments associated with the Company's contingent consideration arrangements.

*Total Other Income (Expense)*

Total other income (expense) for three months ended June 30, 2023 was $(1,608) thousand, a decrease of $2,416 thousand, due to favorable fair value adjustments to the Company's warrant liability, partially offset by unfavorable fair value adjustments associated with the Company's equity investments, both recorded during the three months ended June 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 June 30, 2023 was $39,455 thousand, a decrease of $23,616 thousand compared to the three months ended June 30, 2022.

As presented under the heading “Non-GAAP Measures” below, after adjusting for non-cash equity incentive compensation of $7,381 thousand and $6,833 thousand in the three months ended June 30, 2023 and 2022, respectively, and other nonoperating (income) expenses, of $3,138 thousand and $(14,557) thousand in the three months ended June 30, 2023 and 2022, respectively, adjusted earnings before interest, depreciation, and amortization (“EBITDA”) was $75,816 thousand and $78,737 thousand, 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 June 30, 2023, federal and state income tax expense totaled $25,765 thousand compared to expense of $38,340 thousand for the three months ended June 30, 2022.

***Six Months Ended June 30, 2023 Compared to the Six Months Ended June 30, 2022***

*Revenues, net of Discounts*

Revenue for the six months ended June 30, 2023 was $500,924 thousand, an increase of 1% from $496,911 for the six months ended June 30, 2022. The increase in revenue was largely due to legalization of adult-use sales in New Jersey, which began on April 21, 2022, continued growth in existing markets such as Connecticut and Virginia, as well as revenue generated from new retail stores opened in the current period, partially offset by price compression.

The Company generated revenue from 83 retail stores during the period compared to 77 in the same period of the prior year. During the six months ended June 30, 2023, the Company opened two retail stores in Pennsylvania, two retail stores in Virginia, one retail store in Minnesota, and one retail store in Nevada.

*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 six months ended June 30, 2023 was $250,923 thousand, an increase of 1% from $248,173 thousand for the six months ended June 30, 2022, driven by increased revenue as described above.

*Gross Profit*

Gross profit for the six months ended June 30, 2023 was $250,001 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 six months ended June 30, 2022 of $248,738 thousand or a 50% gross margin. The increase in gross profit (dollars) was directly attributable to the revenue increase as described above.

*Total Expenses*

Total expenses for the six months ended June 30, 2023 were $164,736 thousand or 33% of revenues, net of discounts, resulting in an increase of $32,813 thousand over the same period in the prior year. Total expenses for the six months ended June 30, 2022 were $131,923 thousand or 27% of revenues, net of discounts. Total expenses were lower in the first six months of 2022 primarily due to favorable fair value adjustments associated with the Company's contingent consideration arrangements, which were recorded during the six months ended June 30, 2022.

*Total Other Income (Expense)*

Total other income (expense) for six months ended June 30, 2023 was $(2,769) thousand a decrease of $9,842 thousand, due to favorable adjustments to the Company's warrant liability, partially offset by unfavorable fair value adjustments associated with the Company's equity investments, both recorded during the six months ended June 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 six months ended June 30, 2023 was $82,496 thousand, a decrease of $41,392 thousand compared to the six months ended June 30, 2022.

As presented under the heading “Non-GAAP Measures” below, after adjusting for non-cash equity incentive compensation of $13,620 thousand and $11,484 thousand, and other nonoperating (income) expenses, of $5,430 thousand and $(29,711) thousand in the six months ended June 30, 2023 and 2022, respectively, Adjusted EBITDA was $152,050 thousand and $145,776 thousand, 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 six months ended June 30, 2023, federal and state income tax expense totaled $59,401 thousand compared to expense of $69,471 thousand for the six months ended June 30, 2022.

***Results of Operations by Segment***

The following table summarizes revenues net of sales discounts by segment for the three and six months ended June 30, 2023 and 2022:

| | Three Months Ended June 30, | | 2023 vs. 2022 | |
|---|---|---|---|---|
| | 2023 | 2022 | $ Change | % Change |
| | (in thousands) | | Increase (Decrease) | |
| Retail | $ 188,044 | $ 192,734 | $ (4,690) | (2)% |
| Consumer Packaged Goods | 136,054 | 120,604 | 15,450 | 13% |
| Intersegment Eliminations | (71,710) | (59,027) | (12,683) | (21)% |
| **Total Revenues, Net of Discounts** | **$ 252,388** | **$ 254,311** | **$ (1,923)** | **(1)%** |

| | Six Months Ended June 30, | | 2023 vs. 2022 | |
|---|---|---|---|---|
| | 2023 | 2022 | $ Change | % Change |
| | (in thousands) | | Increase (Decrease) | |
| Retail | $ 376,922 | $ 365,320 | $ 11,602 | 3% |
| Consumer Packaged Goods | 261,671 | 241,016 | 20,655 | 9% |
| Intersegment Eliminations | (137,669) | (109,425) | (28,244) | -26% |
| **Total Revenues, Net of Discounts** | **$ 500,924** | **$ 496,911** | **$ 4,013** | **1%** |

***Three Months Ended June 30, 2023 Compared with the Three Months Ended June 30, 2022***

Revenues, net of discounts, for the Retail segment were $188,044 thousand, a decrease of $4,690 thousand or 2%, compared to the three months ended June 30, 2022. The Company increased the total number of units sold, but due to price compression, total revenue declined. This decrease was partially offset by continued growth in existing markets such as New Jersey, Virginia, and Connecticut, as well as revenue generated from new retail stores opened in the current period.

Revenues, net of discounts, for the Consumer Packaged Goods Segment were $136,054 thousand, an increase of $15,450 thousand or 13%, compared to the three months ended June 30, 2022. The key driver for the increase in Consumer Packaged Goods revenues was increased production capacity within existing markets.

Intersegment eliminations associated with the Consumer Packaged Goods Segment were $71,710 thousand, an increase of $12,683 thousand or 21% compared to the three months ended June 30, 2022. The increase in intersegment eliminations was driven by increased intercompany sales to Company-owned retail stores. Consumer Packaged Goods revenues, net of intersegment eliminations, made up 25% of total revenues during the three months ended June 30, 2023 as compared to 24% during the three months ended June 30, 2022.

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.

***Six Months Ended June 30, 2023 Compared with the Six Months Ended June 30, 2022***

Revenues, net of discounts for the Retail segment were $376,922, an increase of $11,602 or 3%, compared to the six months ended June 30, 2022. 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 existing markets such as Connecticut and Virginia, as well as revenue generated from new retail stores opened in the current period, partially offset by price compression.

Revenues, net of discounts, for the Consumer Packaged Goods Segment were $261,671 thousand, an increase of $20,655 thousand or 9%, compared to the six months ended June 30, 2022. The key driver for the increase in Consumer Packaged Goods revenues was increased production capacity within existing markets.

Intersegment eliminations associated with the Consumer Packaged Goods Segment were $137,669 thousand, an increase of $28,244 thousand or 26% compared to the six months ended June 30, 2022. The increase in intersegment eliminations was driven by increased intercompany sales to Company-owned retail stores primarily in Illinois, Pennsylvania, and New Jersey 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 six months ended June 30, 2023 as compared to 26% during the six months ended June 30, 2022.

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 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 six months ended June 30, 2023, 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 six months ended June 30, 2023, the Company continued to be focused on creating sustainable, profitable growth of the Company’s business within its current markets while considering strategic acquisition and partnership opportunities.

*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 stores begin operations, these stores generally experience higher selling costs as a percentage of revenue compared to more established stores, 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 stores and increase in the newer stores as 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, and fair value adjustments on the Company's contingent consideration arrangements. The Company expects to continue to invest considerably in this area to support the business by attracting and retaining top-tier talent. Furthermore, the Company anticipates an increase in stock-based compensation expenses related to recruiting and hiring talent, along with legal and professional fees associated with being a publicly traded company in Canada and registered with the U.S. Securities and Exchange Commission.

*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 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, 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 June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | (in thousands) | | (in thousands) | |
| **Net Income Before Non-Controlling Interest** | $ 13,690 | $ 24,731 | $ 23,095 | $ 54,417 |
| Interest Income, net | (1,531) | (624) | (3,262) | (1,524) |
| Interest Expense, net | 2,869 | 5,399 | 6,685 | 11,469 |
| Provision For Income Taxes | 25,765 | 38,340 | 59,401 | 69,471 |
| Total Other (Income) Expense | 270 | (5,583) | (654) | (17,018) |
| Depreciation and amortization | 24,234 | 24,198 | 47,735 | 47,188 |
| **Earnings before interest, taxes, depreciation and amortization (EBITDA) (non-GAAP measure)** | **$ 65,297** | **$ 86,461** | **$ 133,000** | **$ 164,003** |
| Stock-based compensation, non-cash | 7,381 | 6,833 | 13,620 | 11,484 |
| Acquisition, transaction and other non-operating (income) costs | 3,138 | (14,557) | 5,430 | (29,711) |
| **Adjusted EBITDA (non-GAAP measure)** | **$ 75,816** | **$ 78,737** | **$ 152,050** | **$ 145,776** |

### Liquidity, Financing Activities During the Period, and Capital Resources

As of June 30, 2023, and December 31, 2022 the Company had total current liabilities of $175,261 thousand and $146,571 thousand, respectively, and cash and cash equivalents of $149,026 thousand and $177,682 thousand, respectively, to meet its current obligations. The Company had working capital of $165,993 thousand as of June 30, 2023, a decrease of $38,787 thousand as compared to December 31, 2022. This decrease in working capital was primarily driven by purchases of property, plant, and equipment, as well as tax payments made in the current period.

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, and investor and industry relations.

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 six months ended June 30, 2023 and 2022, were as follows:

| | Six Months Ended June 30, | |
|---|---|---|
| | 2023 | 2022 |
| | (in thousands) | |
| Net Cash Provided by Operating Activities | $ 93,028 | $ 39,914 |
| Net Cash Used in Investing Activities | $ (131,542) | $ (114,296) |
| Net Cash Provided by (Used in) Financing Activities | $ 9,858 | $ (10,761) |

### Off-Balance Sheet Arrangements

As of June 30, 2023, 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.

### Critical Accounting Policies and Significant Judgments and Estimates

There were no material changes to our critical accounting policies and estimates from the information provided in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” included in our 2022 Form 10-K.