CELEBRATING 10 years OF GROWTH & PROGRESS

Green Thumb

ANNUAL REPORT

2023

Financial Highlights

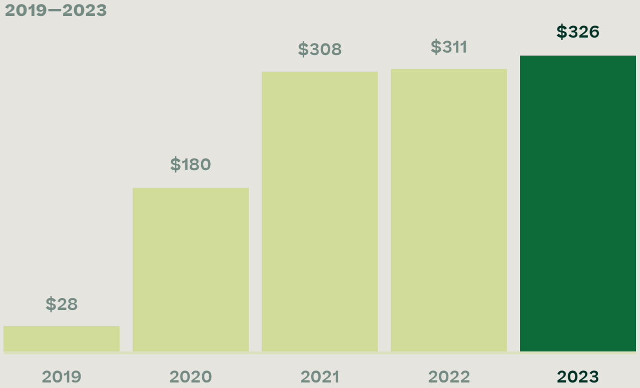
USD $MILLIONS

Annual Revenue

2019—2023

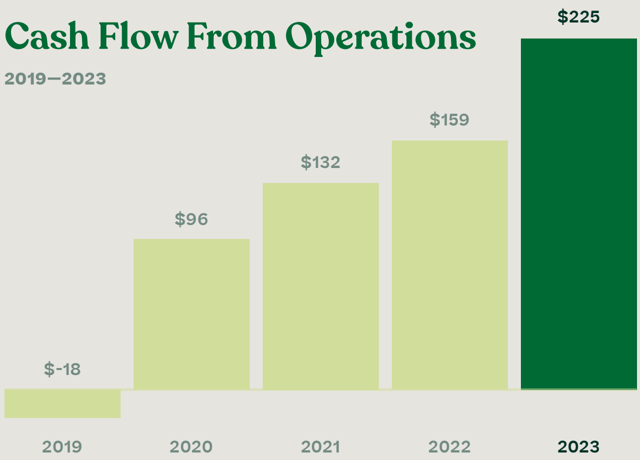
Adjusted EBITDA

2019—2023



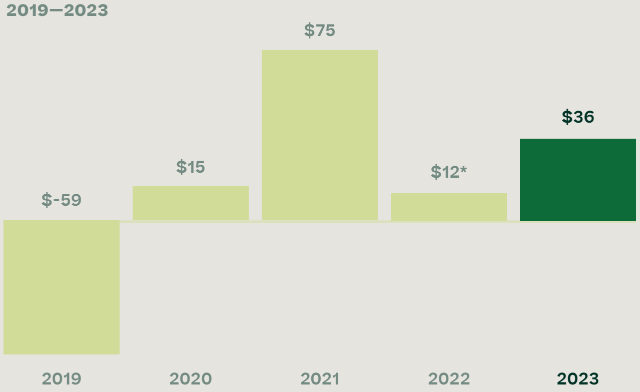
Cash Flow From Operations

2019—2023



Net Income

2019—2023



*2022 net income includes non-cash impairment charges of $88.5 million.

SUMMARY BALANCE SHEET

USD $000s	AS OF DEC. 31 2023
CASH	$161,634

USD $000s	AS OF DEC. 31 2023
DEBT	$308,523

To you, Green Thumb Shareholders,

FROM OUR FOUNDER

Ben Kovler

CHAIRMAN
CHIEF EXECUTIVE OFFICER
FOUNDER

"The journey of a thousand miles begins with one step."

LAO TZU

incredibles debuted a limited-edition line of THC chocolate bars inspired by Magnolia Bakery's iconic flavors: Swirled Famous Banana Pudding and Red Velvet Piece Ahhh Cake.

RYTHM Artist Series is a collection of strains that are chosen (and smoked) by artists and inspired by their unique lifestyles and brands such as country music star Mitchell Tenpenny's Night Owl Haze.

In 2024, we are celebrating a milestone—10 years since Green Thumb's founding in 2014. It has been quite a journey, one that I am enjoying very much, and one that continues to evolve each year. There was no roadmap to success when we laid the foundation for our cannabis company. In fact, there were many obstacles that would test our endurance including massive regulatory and political hurdles, the thriving illicit market, lack of access to capital and, probably the most significant, the institutionalized stigma around cannabis that was created by the failed War on Drugs. But within these obstacles and others, Green Thumb finds the way.

Since the beginning, we have embraced the wisdom of inspirational leaders to guide us on our path. As Mark Twain told us, **"History doesn't repeat itself, but it often rhymes."** So, we are students of history, both successes and failures as well. We have learned to follow our passion, focus on execution and keep it simple. We listened to Ray Dalio tell us to **"Make your passion and your work one in the same and do it with people you want to be with."** We learned from Jeff Bezos to get 1% better every day while relentlessly focusing on the consumer. We have tried to emulate Erin Meyer and Reed Hastings' **"high-density talent"** organization where feedback is a must. And Arthur Blank taught us about building a ***Good Company.*** With a vision, mission and principles based on these timeless lessons, we built Green Thumb one bud at a time from nothing in 2014 to a profitable business with over one billion dollars in sales in 2023. Not a bad first decade. **But good news—it's still Day 1.**

Your company has a strong balance sheet and positive free cash flow based on two unshakable beliefs: **cannabis improves well-being** and **always follow the "cashish."**

2023—Culmination of a Decade of Progress: Reduce the Denominator

I'm pleased to report that our team finished strong in 2023, with revenues increasing 4% year-over-year to $1.1 billion. Even with continued price compression in some markets and inflation weighing on consumer spending throughout the year, our GAAP net income was $36 million or $0.15 per basic and diluted share and adjusted EBITDA grew 5% to $326 million over the prior year. Cash flow from operations increased 42% to $225 million, notwithstanding our capital expenditure investment of over $200 million to fuel future growth. Importantly, Green Thumb remains in solid financial shape, ending the year with $162 million in cash on our balance sheet.

The cannabis industry has been dynamic to say the least. We believe focus drives excellence and our team is focused on executing. We believe the progress we made in 2023 is just the start of what this team and this business can achieve. We have an unwavering passion for the plant that runs through every team member and is baked into our company's DNA.

We appreciate you, our shareholders, for having the vision and grit to support us along this journey. In my 2021 shareholder letter, I told you that we intended to invest in our operating states, and I am pleased to report that in 2023, we completed our major capex program to that end. With this heavy lift behind us, we used cash to reduce senior debt outstanding and initiate a stock buyback program. As we learned from Warren Buffett, **"The math isn't complicated: When the share count goes down, your interest in [the business] goes up. Every small bit helps if repurchases are made at value-accretive prices."** Thus, "Reduce the Denominator" has become a fun mantra.

Find the Discipline to Be Different: "Invert, Always Invert" —Charlie Munger

As Peter Thiel once wrote, **"All happy companies are different. All failed companies are the same. If you want to create and capture lasting value, don't build an undifferentiated business."** For Green Thumb, that meant "Just Say No to California" in our first decade. In the early days of legal cannabis, the California market was the largest from a consumer, brand and product innovation standpoint. Nevertheless, we determined that California, given the state's heavy taxes, endless new legislative propositions and thriving illegal market, was not the best place for Green Thumb's capital. For us, the goal was to create long-term value for our investors, become true partners with the communities we serve and utilize a first-mover advantage. That road less traveled led us to the Midwest and our home state of Illinois. In November of 2015, we opened Green Thumb's first dispensary, The Clinic Mundelein, later rebranded to RISE Mundelein. At that time in the cannabis industry, no one had heard of Illinois.

In these early days, our simple strategy of Enter, Open and Scale was born and executed. It was a different model than our competitors had adopted that required both discipline and patience. It was never about building the biggest, fastest or flashiest cannabis business. Many of these ideas may seem obvious today or might be considered "consensus" opinions, but that was not the case when we started.

Obsess Over Your Customers

The Green Wave continues to gain momentum, with U.S. legal cannabis sales estimated at approximately $30 billion for 2023, and more growth projected ahead. We believe one of the keys to capturing this growth is building consumer loyalty by finding innovative ways to connect people to cannabis. We did this in several ways such as hosting the first-of-its-kind Miracle in Mundelein legal cannabis consumption music festival held last September at RISE Dispensary, launching our RYTHM Artist Series and creating new collaborations between the well-loved Magnolia Bakery and incredibles. Our strong brand recognition is opening doors to engage and excite our customers in new ways. As our brands grow, the stars could align to create greater opportunities to increase brand awareness and build market share. **We believe this is just the beginning for RISE, RYTHM, Dogwalkers, Beboe and incredibles.**

Don't Expect the World to Adapt to You

The late, great Charlie Munger taught us to **"Recognize reality even when you don't like it—especially when you don't like it."** Over the past couple of years, there has been enormous focus and anticipation over federal legislation that would benefit the cannabis industry. We have kept our head down and continue to focus on building a business to succeed regardless of federal change. We remain hopeful for the potential reclassification of cannabis to Schedule III—a move that would eliminate the punitive impact of the 280E tax code. The logic behind this move, the overwhelming support among Americans and the many supporting facts that cannabis improves well-being make this a "no-brainer."

The Miracle in Mundelein, the first music and legal cannabis consumption concert in Illinois, took place outside of RISE Dispensary in September 2023.

Team members who reached five years at the company received Green Thumb starter jackets in celebration of this milestone.

That said, we are short on brains and logic in D.C., which makes it hard to predict how or when this will happen. Moving cannabis to Schedule III would be helpful for Green Thumb, especially since we have paid over $100 million in cash taxes for 2023. Separately, but related, we look forward to the day that U.S. cannabis companies can list on a U.S. national securities exchange—when the Dogwalkers consumer can buy stock in the company that makes Dogwalkers. **"Know what you own"** from Peter Lynch should take on a whole new meaning across the country in the next decade.

Regardless of federal policy or the IRS's tax regime, we thrive on the following statistic: **Over the next five years, there are expected to be 18 million new cannabis consumers in the U.S., while there will be 2 million less alcohol consumers.** This fact screams opportunity for us, and we are excited for those 18 million Americans to visit RISE Dispensaries and discover RYTHM and Dogwalkers. We are on a mission to continue building brands that will be part of the American experience for decades to come… and we are just getting started.

Build a Culture That Aligns With Your Mission

John Wooden taught us that **"The star of the team is the team."** No achievement, whether big or small, happens without an amazing and committed team across all aspects of the business. We can build cultivation facilities, open new stores and develop new products, but **it's the people who care about promoting well-being through the power of cannabis and who are dedicated to treating people well that matter most.** I'm very proud of how our team has personally contributed to causes we support, including helping to create a more inclusive and equitable industry, advocating for social and restorative justice and seeking greater environmental awareness. I want to thank our 4,500+ team members whose commitment to our greater mission makes it happen every day in every way.

At RISE Dispensaries, our patients and customers can expect a curated selection of premium cannabis products and a knowledgeable team ready to serve you on your journey to well-being.

Be Like Mike: Do What You Say You Will Do

One decade in and we are still having fun, "tapdancing to work" like our mentor Warren Buffett. But like Michael Jordan, even though we may have had past success or are accused of being at the top of our game, we are following His Airness' playbook: first to practice, wake up early and stay late, and work harder and more aggressively than anyone else. Michael's drive, his belief in the win and his work ethic are in the sneakers of The Thumb.

In the next decade, we know a lot is going to change, but our principles will remain rock solid. We will continue to obsess over: 1) returns on invested capital, 2) providing customers with the best, most authentic cannabis products and experiences, 3) the team: cultivating a strong culture of engagement and fun and 4) the plant: **Smoke More Weed.**

As we conclude this 10-year Anniversary Letter, I am not going to tell you "What a long, strange trip it's been" because I'm not sure it's been that long, and it would actually be more strange if it weren't this strange. So instead, I will quote another of our favorite Grateful Dead lyrics as we look forward to the next decade at Green Thumb, **"Every time that wheel turn round, you bound to cover just a little more ground."** And we will.

ON BEHALF OF THE ENTIRE GREEN THUMB TEAM—

Thank you & be well,

Ben

Ben Kovler
Chairman | Chief Executive Officer | Founder
April 20, 2024

humble

hardworking

grateful

transparent

integrity

Leaving Our Thumbprint Across A Decade

APRIL 2014
Green Thumb is founded

NOV 2015
Green Thumb's first medical dispensary The Clinic Mundelein opens in Illinois

SEPT 2016
The first RISE Dispensary opens in Carson City, NV

JUNE 2018
Green Thumb becomes a public company

AUG 2019
Beboe and incredibles join the Green Thumb family of brands

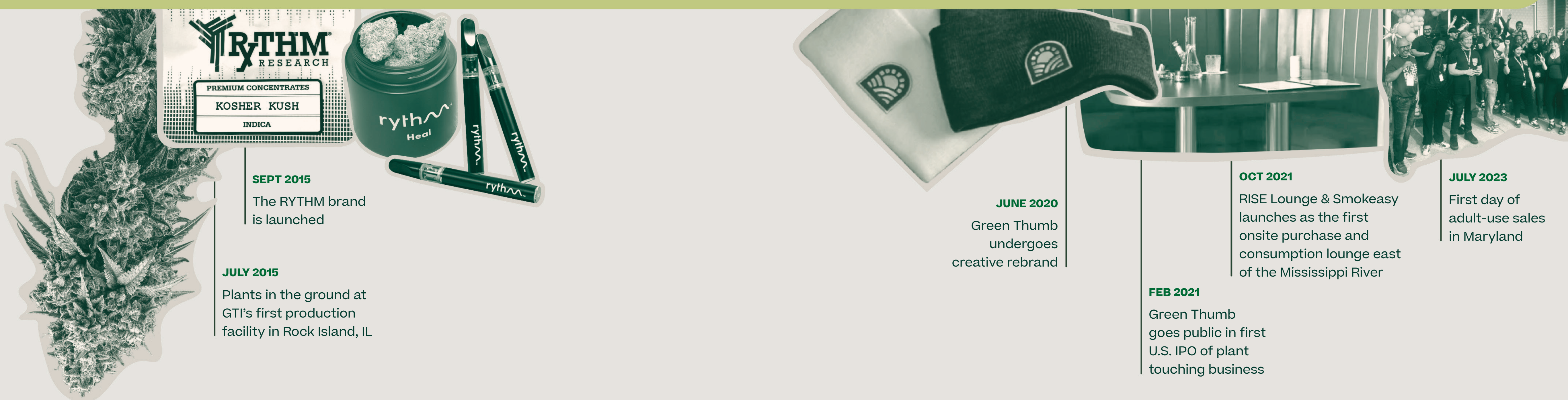
JAN 2020
First day of adult-use sales in Illinois

AUG 2021
Good Green, Green Thumb's cannabis brand and social impact initiative, is launched

APRIL 2022
First day of adult-use sales in New Jersey

SEPT 2023
The Miracle in Mundelein, the first legal cannabis consumption concert, takes place outside of RISE Dispensary

2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023



SEPT 2015
The RYTHM brand is launched

JULY 2015
Plants in the ground at GTI's first production facility in Rock Island, IL

JUNE 2020
Green Thumb undergoes creative rebrand

FEB 2021
Green Thumb goes public in first U.S. IPO of plant touching business

OCT 2021
RISE Lounge & Smokeasy launches as the first onsite purchase and consumption lounge east of the Mississippi River

JULY 2023
First day of adult-use sales in Maryland

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

FORM 10-K

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

For the fiscal year ended December 31, 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 (State or other jurisdiction of incorporation or organization)	**98-1437430** (I.R.S. employer identification no.)
325 West Huron Street, Suite 700 Chicago, Illinois (Address of principal executive offices)	**60654** (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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

As of February 19, 2024, there were 211,630,766 shares of the registrant's Subordinate Voting Shares, 37,683 shares of the registrant's Multiple Voting Shares and 216,690 shares of the registrant's Super Voting Shares outstanding.

The aggregate market value of the Subordinate Voting Shares, and Multiple Voting Shares, and Super Voting Shares (on an as converted basis, based on the closing price of these Subordinate Voting Shares on the Canadian Stock Exchange) on June 30, 2023, the last business day of the registrant's most recently completed second fiscal quarter, held by nonaffiliates was $1,628,045 thousand.

DOCUMENTS INCORPORATED BY REFERENCE

Part I of this Annual Report on Form 10-K incorporates certain information by reference from the Registrant's Amendment No. 2 Registration Statement on Form S-1 (No. 333-248213) to the extent stated herein under the heading "History of the Company."

Part III of this Annual Report on Form 10-K incorporates certain information by reference from the definitive proxy statement to be filed by the registrant in connection with the 2024 Annual General Meeting of Shareholders (the "2024 Proxy Statement"). The 2024 Proxy Statement will be filed by the registrant with the Securities and Exchange Commission not later than 120 days after December 31, 2023, the end of the registrant's fiscal year.

GREEN THUMB INDUSTRIES INC.
ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED December 31, 2023

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Use of Names

In this Annual Report on Form 10-K, unless the context otherwise requires, the terms “we,” “us,” “our,” “Company,” “Corporation” or “Green Thumb” refer to Green Thumb Industries Inc. together with its wholly-owned subsidiaries.

Currency

Unless otherwise indicated, all references to “$” or “US$” in this document refer to United States dollars, and all references to “C$” refer to Canadian dollars.

Disclosure Regarding Forward-Looking Statements

This Annual Report on Form 10-K contains statements that we believe are, or may be considered to be, “forward-looking statements.” All statements other than statements of historical fact included in this document regarding the prospects of our industry or our prospects, plans, financial position or business strategy may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking words such as “may,” “will,” “expect,” “intend,” “estimate,” “foresee,” “project,” “anticipate,” “potential,” “anticipate,” “risk,” “believe,” “plan,” “forecast,” “continue” or “could” or the negative of these terms or variations of them or similar terms. Furthermore, forward-looking statements may be included in various filings that we make with the Securities and Exchange Commission (the “SEC”), and in press releases or oral statements made by or with the approval of one of our authorized executive officers. Although we believe that the expectations reflected in these forward-looking statements are reasonable, we cannot assure you that these expectations will prove to be correct. These forward-looking statements are subject to certain known and unknown risks and uncertainties, as well as assumptions that could cause actual results to differ materially from those reflected in these forward-looking statements. Readers are cautioned not to place undue reliance on any forward-looking statements contained in this document, which reflect management’s opinions only as of the date hereof. Except as required by law, we undertake no obligation to revise or publicly release the results of any revision to any forward-looking statements. You are advised, however, to consult any additional disclosures we make in our reports to the SEC. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this document.

PART I

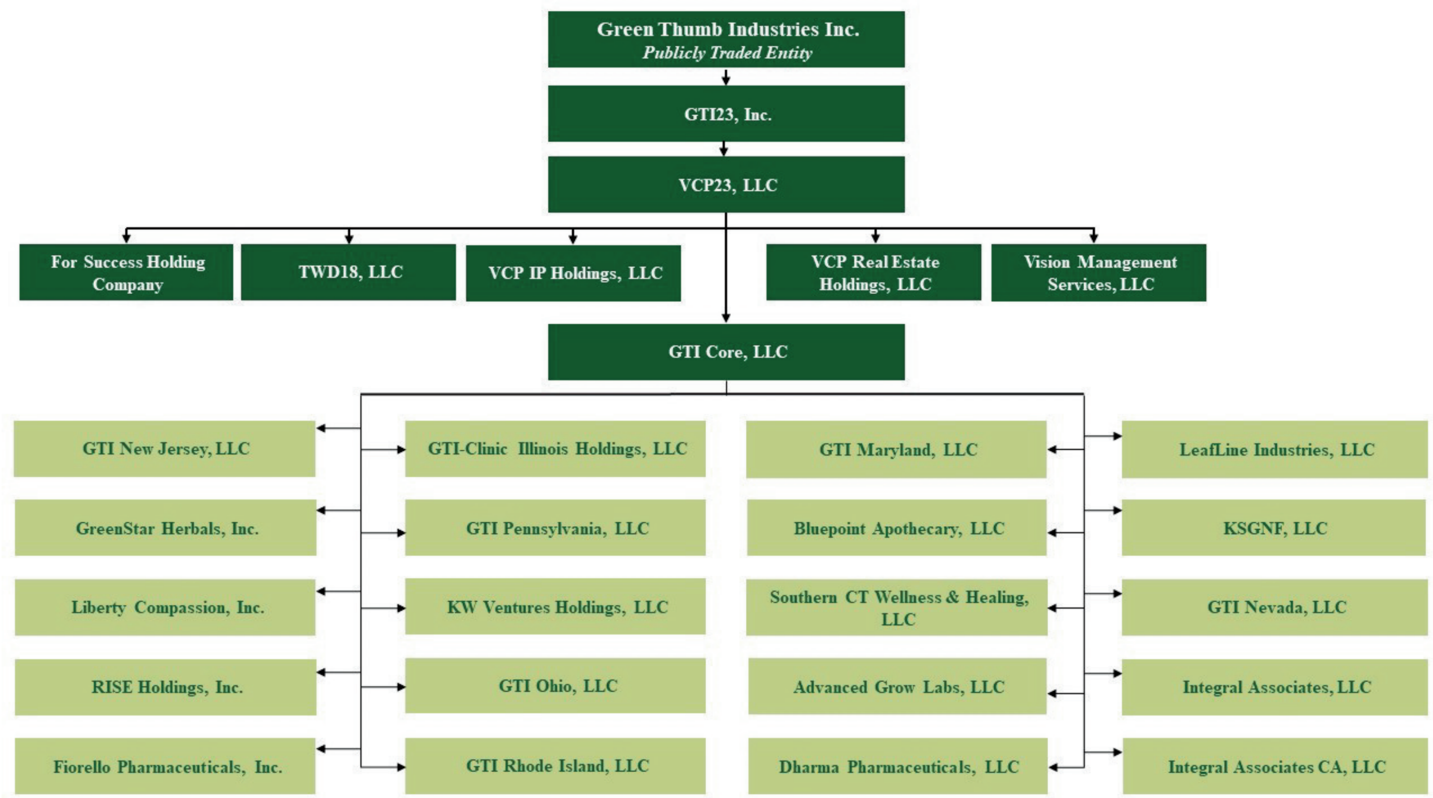
ITEM 1. BUSINESS

Background

Green Thumb Industries Inc. is a reporting issuer in the United States and Canada and the Company's Subordinate Voting Shares (as hereinafter defined) are listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "GTII." The Company's Subordinate Voting Shares are also traded in the United States on the OTCQX Best Market (the "OTCQX") under the symbol "GTBIF."

Originally founded in 2014, Green Thumb began operations in 2015 upon the award of a medical marijuana license for cultivation/processing and retail sale of cannabis in Illinois. The Company has since expanded its operational footprint to 14 U.S. markets, including California, Connecticut, Florida, Illinois, Maryland, Massachusetts, Minnesota, Nevada, New Jersey, New York, Ohio, Pennsylvania, Rhode Island and Virginia. Currently, Green Thumb owns, manufactures, and distributes a portfolio of cannabis consumer packaged goods brands, including &Shine, Beboe, Dogwalkers, Doctor Solomon's, Good Green, incredibles and RYTHM, to third-party retail stores across the United States as well as to Green Thumb owned retail stores (which we refer to as our Consumer Packaged Goods business). The Company also owns and operates retail cannabis stores that include a national chain called RISE Dispensaries, as well as retail stores operating under other names. Our retail stores sell a combination of our products and third-party products (which we refer to as our Retail business).

The Company, through its subsidiaries, owns state-licensed medical and/or adult-use marijuana businesses in California, Connecticut, Florida, Illinois, Maryland, Massachusetts, Minnesota, Nevada, New Jersey, New York, Ohio, Pennsylvania, Rhode Island and Virginia. The following organizational chart describes the organizational structure of the Company as of December 31, 2023. See Exhibit 21.1 to this document for a list of subsidiaries of the Company. All lines represent 100% ownership of outstanding securities of the applicable subsidiary unless otherwise noted in Exhibit 21.1. In part, the complexity of our organization structure is due to state licensing requirements that mandate that we maintain the corporate identity of our operating license holders.



The registered office of the Company is located at 250 Howe Street, 20th Floor, Vancouver, British Columbia V6C 3R8. The headquarters is located at 325 W. Huron Street, Suite 700, Chicago, Illinois 60654.

History of the Company

For information on the history of the Company and the development of the business prior to June 13, 2018, the day our Subordinate Voting Shares began trading on the CSE, see the information set forth under the headings “Business – Our History” and “Business – General Development of the Business” in Amendment No. 2 to our Registration Statement on Form S-1 that was filed with the SEC on February 2, 2021 with Registration No. 333-248213.

Financing Activities

(i) Senior Secured Notes

On April 30, 2021, the Company closed a $216,734 thousand senior secured non-brokered private placement financing through the issuance of senior secured notes (the “April 30, 2021 Notes”) pursuant to the Second Amendment to the Note Purchase Agreement (the “Note Purchase Agreement”). The Company used the proceeds to retire the Company’s existing $105,466 thousand, senior secured notes due May 22, 2023 (the “May 22, 2019 Notes”) and the remaining proceeds for general working capital purposes as well as various growth initiatives. The April 30, 2021 Notes originally had a maturity date of April 30, 2024 and bear interest from the date of issue of 7.00% per annum, payable quarterly, with an option, at the discretion of the Company, to extend for an additional twelve months. The financing permitted the Company to borrow an additional $33,266 thousand over the next twelve months. The purchasers of the April 30, 2021 Notes also received 1,459,044 warrants (the “Warrants”), which allow the holder to purchase one Subordinate Voting Share of the Company at an exercise price of $32.68 per share, for a period of 60 months from the date of issue.

On October 15, 2021, the Company amended its existing Note Purchase Agreement with the Second Amended Note Purchase Agreement dated April 30, 2021 (the “April 30, 2021 Note Purchase Agreement”), for the purposes of borrowing an additional $33,200 thousand, as permitted under the April 30, 2021 Notes Purchase Agreement (the “Amended Notes”). The additional borrowings have terms consistent with the April 30, 2021 Notes and increased the total amount borrowed to $249,934 thousand. The purchasers of the Amended Notes received an additional 243,303 warrants which allow the holder to purchase one Subordinate Voting Share of the Company at an exercise price of $30.02 per share, for a period of 60 months from the date of issue.

On July 14, 2022, Green Thumb announced it exercised its right to extend the maturity date of the April 30, 2021 Notes by one year from April 30, 2024 to April 30, 2025. The extended maturity date did not involve any amendments to the April 30, 2021 Notes or any additional consideration to the existing lenders.

From October 19, 2023 through November 30, 2023, the Company repurchased $25,500 thousand of the April 30, 2021 Notes held by unrelated third-party lenders at 95% of their original value. In connection with the repurchase, the Company also wrote-off $350 thousand of the associated unamortized debt discount. The April 30, 2021 Notes have an outstanding principal balance of $224,934 thousand and are recorded net of debt discount, the carrying value of which was $2,775 thousand as of December 31, 2023.

(ii) Mortgage Financing Arrangement

Low Moor, Virginia Mortgage Note

On October 12, 2022, the Company entered into a construction-to-permanent financing arrangement (the “Construction Loan”) which provided funding for the construction of a CPG facility at Low Moor, Virginia in the amount of up to $31,000 thousand.

On October 23, 2023, the Construction Loan converted into a $30,998 thousand mortgage note bearing interest of 7.75% per annum, with a maturity date of October 1, 2034.

Ocala, Florida Mortgage Note

On December 7, 2023, the Company closed on a $15,000 thousand mortgage note associated with its Ocala, Florida CPG facility bearing an interest rate of 7.45% per annum, with a maturity date of December 31, 2028.

Cottage Grove, Minnesota Mortgage Note

On December 14, 2023, the Company closed on a $17,000 thousand mortgage note associated with its Cottage Grove CPG facility bearing an interest rate of 7.75% per annum, with a maturity date of January 1, 2029.

See Note 8 - Notes Payable for details.

Description of the Business

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 December 31, 2023, Green Thumb has operations across fourteen U.S. markets, employs approximately 4,600 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 to third-party licensed retail cannabis stores across the United States as well as to Green Thumb's own 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 and then use to produce our consumer packaged goods in twenty owned and operated manufacturing facilities. This portfolio consists of cannabis product categories, including flower, pre-rolls, concentrates, vape, capsules, tinctures, edibles, topicals and other cannabis-related products across a range of stock keeping units (“SKUs”) (none of which are individually material to the Company). These Consumer Packaged Goods products are sold in retail locations throughout the thirteen U.S. markets Green Thumb operates in including Green Thumb’s own RISE Dispensaries.

Green Thumb owns and operates a national cannabis retail chain called RISE Dispensaries that provides educational and positive retail experiences aimed to deliver a superior level of customer service guided by our knowledgeable Personal Care Specialists while offering a high-quality assortment of cannabis products. In addition, we own stores under other names subject to licensing or similar restrictions. The income from Green Thumb’s retail stores is derived 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 (less than 10%) portion of this income resulting from the sale of other merchandise (such as t-shirts and accessories for cannabis use). The RISE Dispensaries currently are located in fourteen of the states in which we operate. As of December 31, 2023, the Company had 91 open and operating retail locations. The Company’s new store opening plans will remain fluid depending on market conditions, our ability to obtain local licensing, construction and other permissions and subject to the Company’s capital allocation plans.

Financial Highlights and Revenue Streams

The Company has generated revenues through its operating businesses from the manufacture, sale and distribution of branded cannabis products to third-party licensed retail customers as well as the sale of finished products to consumers in its retail stores.

The percentage of total revenue contributed by operations of the Consumer Packaged Goods segment was 25%, 25% and 31% for the years ended December 31, 2023, 2022 and 2021 respectively. The percentage of total revenue contributed by the Retail segment was 75%, 75% and 69% for the years ended December 31, 2023, 2022 and 2021, respectively. See Item 7—“Management Discussion and Analysis of Financial Conditions and Results of Operations” for details on key financial highlights.

As of the year ended December 31, 2023, Green Thumb has operating revenue in 14 markets (California, Connecticut, Florida, Illinois, Maryland, Massachusetts, Minnesota, Nevada, New Jersey, New York, Ohio, Pennsylvania, Rhode Island and Virginia).

Geographic Information

Green Thumb operates in 14 U.S. states: California, Connecticut, Florida, Illinois, Maryland, Massachusetts, Minnesota, Nevada, New Jersey, New York, Ohio, Pennsylvania, Rhode Island and Virginia.

Product Research, Design and Development

The Company's branded products portfolio includes SKUs across a range of product categories, including flower, pre-rolls, concentrates, vape, tinctures, edibles, topicals and other cannabis-related products. Green Thumb engages in research and development activities focused on developing new extracted or infused cannabis consumer packaged products.

Manufacturing

Our branded products are produced in manufacturing facilities across thirteen U.S. states where we cultivate, process and manufacture cannabis consumer packaged goods. Our finished goods production is manufactured by our owned production facilities.

We aim to maintain strict brand and quality assurance standards and have implemented standard operating procedures across all production facilities to ensure continuity of product and consistent consumer experience across all operating markets.

Sources and Availability of Materials

Almost all of the raw material input, except packaging materials, used by the Company to produce finished cannabis consumer packaged goods are cultivated or processed internally for further use in the manufacturing process.

Significant Customers

Customers of our Consumer Packaged Goods business include legal state-licensed cannabis stores within each U.S. state in which we operate. Green Thumb is not dependent upon a single customer, or a few customers, and the loss of any one or more of our customers would not have a material adverse effect on the business. No customer accounted for 10% or more of our consolidated net revenue during the fiscal years ended December 31, 2023, 2022 or 2021, respectively.

Merchandise

To meet the array of unique customer needs, we offer a variety of cannabis products at each of our RISE and other retail dispensaries, totaling thousands of SKUs in managed inventory, covering a comprehensive list of packaged product categories including flower, concentrates, topicals (bath and beauty products) and edibles (confection and snacks).

We leverage our own retail channel, RISE, and our other stores to distribute our branded product portfolio, such as &Shine, Beboe, Dogwalkers, Doctor Solomon’s, Good Green, incredibles, and RYTHM.

All products we sell have passed state-mandated third party testing as required by applicable law to help assure that they do not contain impermissible levels of toxins, microbials or other harmful substances, and that they meet the Company's vendor requirements for quality assurance and reliability. Products are inventoried in a comprehensive seed-to-sale tracking software to minimize product slippage and inventory deviation.

Omnichannel Distribution

Our primary retail presence is traditional brick and mortar. However, as regulations allow, we expect to continue to expand our e-commerce, in-store guest pick-up and direct to consumer delivery capabilities as part of our commitment to providing a consistent retail brand experience no matter where the consumer might be.

Intellectual Property – Patents and Trademarks

We believe that brand protection is critical to our business strategy. We regularly seek to protect our intellectual property rights in connection with our operating names (e.g., Green Thumb and RISE), our consumer packaged goods (e.g., &Shine, Beboe, Dogwalkers, Dr. Solomon's, Good Green, incredibles & RYTHM) and certain patentable goods and services. The U.S. trademark statute, The Lanham Act, allows for the protection of trademarks and service marks on products and services used, or intended for use, lawfully. Because cannabis-related products and services remain illegal at the federal level under the Controlled Substances Act (21 U.S.C. § 811), we are not able to protect all our intellectual property at the federal level; therefore, we currently seek trademark protections at the state level where commercially feasible. Nonetheless, our success depends upon other areas of our business such as product development and design, production and marketing and not exclusively upon trademarks, patents and trade secrets. The Company also licenses certain intellectual property to and from third parties for the manufacture and sale of consumer products.

As the Company became licensed to cultivate cannabis, we have developed proprietary cultivation techniques. The Company has also developed certain proprietary intellectual property for operating hydrocarbon extraction, carbon dioxide extraction, ethanol extraction and solventless extraction, including production best practices, procedures and methods. This requires specialized skills in cultivation, extraction and refining.

The Company relies on its code of conduct agreements to protect its intellectual property rights. To the extent the Company describes or discloses its proprietary cultivation or extraction techniques in its applications for cultivation or processing licenses, the Company redacts or requests redaction of such information prior to public disclosure.

The Company has sought U.S. patent protection for certain of its Doctor Solomon’s products, namely a utility patent for compositions and methods for treating skin and neuropathic conditions and disorders. Where commercially reasonable, we will seek further U.S. patent protection on other eligible products and services. The Company owns several website domains, including www.gtigrows.com, numerous social media accounts across all major platforms, and various phone and web application platforms.

The Company has successfully registered over 100 trademarks across the United States as well as internationally and has additional trademark applications pending. The Company anticipates feedback on outstanding submitted applications on a rolling basis. As such, the Company will continue to rely on common law protection for these brands during the trademark registration process. Moreover, the Company will proactively seek intellectual property protection for brand expansions in current markets as well as any new market expansion. For additional details on the risks associated with the lack of trademark protection, see Item 1A—“Risk Factors” with respect to intellectual property.

Joint Ventures

We utilize joint ventures and make equity investments in non-affiliated third parties to both comply with state regulatory requirements in certain states and advance our mission to promote a more equitable, diverse cannabis industry. Partnering with one or more non-affiliated third parties provides the Company with the opportunity to mitigate certain operational and financial risks while ensuring continued compliance with the applicable regulatory guidelines. As of December 31, 2023, the Company holds minority interests in several non-affiliated third parties for the operation of dispensaries in Connecticut and Massachusetts, as well as the production, distribution and development of various products. None of these investments or ventures are material to the Company.

Working Capital

Effective inventory management is critical to the Company's ongoing success and the Company uses a variety of demand and supply forecasting, planning and replenishment techniques. The Company strives to maintain sufficient levels of inventory of core product categories, maintain positive vendor and customer relationships and carefully plan to minimize markdowns and inventory write-offs.

For additional details on liquidity and Capital Resources, see Item 7—"Management's Discussion and Analysis of Financial Condition and Results of Operations."

Human Capital Management

As of December 31, 2023, Green Thumb employs approximately 4,600 team members including corporate, retail and cultivation and processing, both full- and part-time employees, and including but not limited to: finance and accounting, legal and compliance, supply chain and operations, sales and marketing, commercial and cannabis agriculture, chemists, customer service, construction and project management, real estate, information technology and human resources. We offer a comprehensive package of company-sponsored benefits to our team. Eligibility depends on the full-time or part-time status, employee location and other factors, and benefits include participation in a 401(k) retirement savings plan, medical and dental plans, disability insurance, employee assistance programs and life insurance. Additionally, we believe in aligned incentives and use our employee stock and incentive plan for a competitive total rewards program.

Our employees are split across the Company as follows:

Corporate:	364
Retail:	2,528
Cultivation and Processing:	1,669
Total	**4,561**

As of December 31, 2023, approximately 575 of our employees at various cultivation and retail facilities have elected to be represented by a labor organization for purposes of collective bargaining.

Environmental Compliance

Expenditures for compliance with federal, state and local environmental laws and regulations are consistent from year to year and are not material to the Company's financials. The Company is compliant with all applicable regulations and does not use materials that would pose any known risk under normal conditions.

Competitive Conditions and the Company's Position in the Industry

Competition

The markets in which the Company distributes its products and operates retail stores are highly competitive. Some of those markets have relatively high barriers to entry due to the licensing requirements. The Company competes directly with other cannabis producers and retailers, some of which operate only in a specific market and some of which operate across several U.S. markets. More broadly, Green Thumb views manufacturers of other consumer products, such as those in the pharmaceuticals; alcohol; tobacco; consumable hemp, including consumable hemp-derived THC variants such as Delta-8 THC and, Delta-9 THC ("psychoactive hemp-based products"); health and beauty; and functional wellness industries, as potential competitors. Product quality, performance, new product innovation and development, packaging, customer experience and consumer price/value are important differentiating factors.

The Company faces competition from other companies that may have a longer operating history, a higher capitalization, additional financial resources, more manufacturing and marketing experience, greater access to public equity and debt markets and more experienced management than the Company. Increased competition by larger and better financed competitors could materially affect the business, financial condition and results of operations of the Company. Some of the manufacturing and retail competitors in our markets consist of localized businesses (i.e. doing business in only a single state market). There are also multistate operators with whom the Company competes directly in several of the Company's operating markets. Aside from this direct competition, out-of-state operators that are capitalized well enough to enter those markets through acquisitions are also part of the competitive landscape. Similarly, as the Company executes its national U.S. growth strategy, operators in any state markets we may enter in the future will inevitably become direct competitors.

Because of the early stage of the industry in which the Company operates, the Company faces additional competition from new entrants. If the number of consumers of medical and adult-use cannabis in the states in which the Company operates its business increases, the demand for products will increase and the Company expects that competition will become more intense, as current and future competitors begin to offer an increasing quantity and variety of diversified products. To remain competitive, the Company will require a continued high level of investment in research and development, marketing, sales and client support. The Company may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis, which could materially and adversely affect the business, financial condition and results of its operations.

In addition, the Company experiences significant competition for its products from illicit operators who are not licensed pursuant to their state's cannabis laws and regulations. Moreover, markets across the United States have seen the widespread proliferation of psychoactive hemp-based products. Most psychoactive hemp-based products on the market are derived from the chemical conversion of hemp-derived CBD. These products are marketed in a legal grey area due to ambiguities created in the 2018 Farm Bill (the "Farm Bill") that effectively legalized hemp (cannabis containing less than 0.3% percent THC) on a national level ("Farm Bill compliant hemp products"). These psychoactive hemp-based products, including Farm Bill compliant hemp products, are frequently not being manufactured and distributed in the U.S by state-licensed cannabis processors and dispensaries. Instead, they are being manufactured and distributed by, for example, convenience stores, gas stations, smoke shops, head shops, and the Internet. These products do not appear to be subject to the testing, packaging, labeling, licensing and other requirements applicable to the Company's products such as seed-to-sale tracking (which makes product recalls possible) and are being sold without state-mandated cannabis excise taxes applied, thus leading to significant price differentials with the Company's products.

Given the pricing differential, the absence of the application of Section 280E of the U.S. Internal Revenue Code, as amended ("Section 280E"), state cannabis excise taxes, the continued proliferation of unregulated psychoactive hemp-based products through unlicensed distribution points could ultimately alter certain elements of the current cannabis market in the U.S. Recently, however, several states have begun to promulgate new regulations and interpretations of existing regulations that effectively prohibit the development of these products. If this trend continues, the potential impact of psychoactive hemp-based products on the cannabis market could be blunted. Proposed federal legislation, if passed, could also severely limit or prevent altogether the proliferation of psychoactive hemp-based products.

See Item 1A—"Risk Factors" for more information with respect to competition.

Federal and State Regulation of Cannabis

Below is a discussion of the federal and state-level regulatory regimes in the jurisdictions where the Company is currently operating through its subsidiaries.

Federal illegality of Cannabis

The U.S. federal government regulates drugs through the Controlled Substances Act (21 U.S.C. § 811), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I controlled substance. A Schedule I controlled substance is defined as a substance that has no currently accepted medical use in the United States, a lack of safety for use under medical supervision and a high potential for abuse. Schedule I controlled substances are federally illegal and the manufacturing, sale and use of cannabis is a violation of federal law.

Due to the conflicting views between state legislatures and the federal government regarding cannabis, cannabis businesses are subject to inconsistent laws and regulations. The Obama Administration attempted to address the inconsistent treatment of cannabis under state and federal law in the Cole Memorandum that Deputy Attorney General James Cole sent to all U.S. Attorneys in August 2013. The Cole Memorandum noted that, in jurisdictions that have enacted laws legalizing cannabis in some form and that have also implemented strong and effective regulatory and enforcement systems to control the cultivation, processing, distribution, sale and possession of cannabis, conduct in compliance with such laws and regulations was not a prosecution or enforcement priority for the Department of Justice.

On January 4, 2018, then U.S. Attorney General Jeff Sessions rescinded the Cole Memorandum. Despite its rescission, federal prosecutors appear to continue to use the Cole Memorandum's priorities as an enforcement guide. Attorney General Merrick Garland stated during his congressional testimony in February 2021, that the Justice Department would not pursue cases against Americans complying with laws of the states that have legalized and are regulating cannabis. In October 2022, President Joseph R. Biden, announced that cannabis scheduling under federal law would be reviewed, noting that cannabis is scheduled as more dangerous than fentanyl and methamphetamine, two substances that are driving an overdose epidemic in the country. In October 2022, President Biden also announced a mass pardon of persons who had been convicted of simple marijuana possession under federal law. In December 2022, President Biden signed the Medical Marijuana and Cannabidiol Research Expansion Act into law, which provides for significantly broader opportunities to study cannabis.

On August 29, 2023, and in response to President Biden's directive to review cannabis's scheduling, the Department of Health and Human Services ("HHS") formally presented its recommendation to the Drug Enforcement Administration ("DEA") that cannabis be rescheduled to Schedule III from Schedule I. Section 280E does not apply to those trafficking in Schedule III controlled substances. The DEA, which has final jurisdiction over scheduling decisions, has yet to complete its review of HHS's recommendation. In December, President Biden built on his previous mass pardon by issuing a presidential proclamation, broadening it to cover convictions for attempted possession of cannabis, as well as convictions under the Code of the District of Columbia and violations of the Code of Federal Regulations.

As an industry best practice, the Company continues to employ the following policies to ensure compliance with the guidance provided by the Cole Memorandum:

- Our operations and our subsidiaries' operations are compliant with all licensing requirements as established by the applicable state, county, municipality, town, township, borough and other political/administrative divisions; to this end, we retain appropriately experienced legal counsel to help ensure compliance of such operations with all applicable licensing requirements;

- The cannabis-related activities adhere to the scope of the licensing obtained - for example, in states where only medical cannabis is permitted, the products are only sold to patients who hold the appropriate medical licensing to permit the possession of the cannabis; in states where cannabis is permitted for adult-use, the products are only sold to individuals who meet the requisite age requirements;

- Our operating subsidiaries must pass a range of requirements, adhere to strict business practice standards and be subject to strict regulatory oversight to ensure that no revenue is distributed to criminal enterprises, gangs or cartels;

- We have implemented an inventory tracking system and necessary procedures to help ensure that such compliance system is effective in tracking inventory and preventing diversion of cannabis or cannabis products, and we employ strict customer identification protocols to prevent sales to minors;

- Our state-authorized cannabis business activity is not used as a cover or pretense for trafficking of other illegal drugs, and we are not engaged in any other illegal activity; and

- We conduct reviews of products and product packaging to ensure that such products and product packaging comply with applicable regulations and contain necessary disclaimers about the contents of the products.

There have been efforts at reforming federal cannabis law. As of December 31, 2023, there were more than a dozen proposed congressional bills addressing a myriad of issues regarding the cannabis industry, from banking and tax reform to full legalization. However, none have passed into law.

There does exist a legislative safeguard for the medical cannabis industry, appended to the federal budget bill. For each year since 2015, Congress has adopted a so-called "rider" provision to the Consolidated Appropriations Acts (formerly referred to as the Rohrabacher-Farr Amendment and currently referred to as the Rohrabacher-Blumenauer Amendment) to prevent the federal government from using congressionally appropriated funds to enforce federal law against regulated medical cannabis actors operating in compliance with state and local law. On December 29, 2022, the amendment was renewed as part of the Consolidated Appropriations Acts of 2023, H.R. 2617, which was effective through September 30, 2023. The amendment has since been extended by Continuing Resolutions until February 2, 2024.

The sheer size of the cannabis industry, in addition to participation by state and local governments and investors, suggests that a large-scale federal enforcement operation would more than likely create unwanted political backlash for the Department of Justice and the current administration. Regardless, cannabis remains illegal at the federal level. The U.S. federal government has always reserved the right to enforce federal law over the sale and disbursement of medical or adult-use cannabis, even if state law authorizes such sale and disbursement. There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will remain in place or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the Controlled Substances Act with respect to cannabis, there is a risk that federal authorities may enforce current U.S. federal law criminalizing cannabis.

We will continue to monitor compliance on an ongoing basis in accordance with our compliance program and standard operating procedures. While our operations are in compliance with all applicable state laws, regulations and licensing requirements, such activities remain illegal under federal law. For the reasons described above and the risks further described in the section entitled "Risk Factors," there are significant risks associated with our business. Readers of this Form are strongly encouraged to carefully read all of the risk factors contained in Item 1A—"Risk Factors."

Federal Law and Ability to Access Public and Private Capital

Due to the present state of the laws and regulations governing financial institutions in the U.S., banks often refuse to provide services to businesses involved in the cannabis industry and U.S. multistate operators are currently not permitted to list securities on the U.S. securities exchanges. Consequently, it may be difficult for us to obtain financing from large U.S. financial institutions.

We have historically, and continue to have, access to equity and debt financing from non-public (i.e., private placement) markets and state-chartered financial institutions. Our executive team and Board also have extensive relationships with sources of capital (such as funds and high net worth individuals).

In addition to our working capital, we continue to generate adequate cash to fund our operations from capital raising transactions. Our business plan continues to include growth, in the form of acquisitions and through facility expansion and improvements.

However, there can be no assurance that additional financing will be available to us when needed or on terms that are acceptable.

Restricted Access to Banking and Other Financial Services

The United States Department of the Treasury's Financial Crimes Enforcement Networks, which we refer to as “FinCEN”, issued the FinCEN Memorandum on February 14, 2014, outlining the pathways for financial institutions to back cannabis businesses in compliance with federal enforcement priorities. These guidelines include burdensome due diligence expectations and reporting requirements. The FinCEN Memorandum outlines the pathways for financial institutions to bank state-sanctioned cannabis businesses in compliance with federal enforcement priorities. The FinCEN Memorandum echoed the enforcement priorities of the Cole Memorandum and states that, in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. Under these guidelines, financial institutions must submit a Suspicious Activity Report in connection with all cannabis-related banking activities by any client of such financial institution, in accordance with federal money laundering laws.

However, the FinCEN Memorandum does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the Department of Justice, FinCEN or other federal regulators for banks and other financial institutions and can be amended or revoked at any time. Thus, most banks and other financial institutions in the United States do not appear comfortable relying on this guidance to provide banking services to the cannabis industry. Banks and/or card networks may also refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. In addition, federal money laundering statutes and regulations under the Bank Secrecy Act, as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, discourage financial institutions from working with any organization that sells a controlled substance, regardless of whether the state in which it operates permits cannabis sales. The inability or limitation on our ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for us to operate and conduct our business as planned or to operate efficiently.

On March 7, 2019, Democratic U.S. representative Ed Perlmutter of Colorado introduced the SAFE Banking Act, which would protect banks and their employees from punishment for providing services to cannabis businesses that are legal on a state level. The bill passed with strong bipartisan support in the House of Representatives on September 25, 2019. The House passed the SAFE Banking Act numerous times since then, but it has not passed in the U.S. Senate. On September 27, 2023, the Senate Banking Committee did pass the SAFER Banking Act on a bipartisan vote of 14-9. While the bill has yet to be brought to the Senate floor, the committee vote represents the first occasion a Senate Committee has successfully passed cannabis banking legislation. The bill faces an uncertain future in the current U.S. House of Representatives.

State Cannabis Law

State laws that permit and regulate the production, distribution and use of cannabis for adult-use or medical purposes are in direct conflict with federal law. Although certain states and territories of the U.S. authorize medical and/or adult-use cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation and transfer of cannabis and any related drug paraphernalia are criminal acts under the Controlled Substances Act. Although the Company’s activities are believed to be compliant with applicable state and local laws, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under U.S. federal law, nor may it provide a defense to any federal proceeding that may be brought against the Company.

As of December 31, 2023, 38 states (and the territories of Guam, Puerto Rico, the U.S. Virgin Islands, the Northern Mariana Islands and the District of Columbia), have legalized the cultivation and sale of cannabis for medical purposes. In 24 of those states, the sale and possession of cannabis is legal for both medical and adult-use, and the District of Columbia has legalized adult-use but not commercial sale.

Company’s Medical-Only Markets

All of the medical-only markets in which the Company does business (Florida and Pennsylvania, and until their adult-use programs launch, Ohio, Minnesota and Virginia) have written regulations that impose limitations on the number of cannabis business licenses that can be awarded by the state. In each of these markets, we have a proven track record of: (i) entering the market through state-granted awards based on the merit of our application and business plans; and/or (ii) expanding market reach through accretive mergers, acquisitions, and partnership ventures. Each medical use market that also has a legal adult-use market (including Illinois, California, Connecticut, Maryland, Massachusetts, Nevada, New Jersey, New York and Rhode Island) has regulations specifying which medical conditions qualify a patient for a license to purchase cannabis, and generally require the approval from a physician. Ohio, Minnesota and Virginia have also legalized adult-use cannabis, but have not fully launched their adult-use programs. Ohio adult use sales are expected to begin in Q4 2024. Minnesota adult use sales are expected to begin in Q1 2025. In Virginia, there is currently no date for the start of adult-use retail sales.

Company's Adult-Use Markets

The Company has adult-use operations in California, Connecticut, Illinois, Maryland, Massachusetts, Nevada, New Jersey, New York and Rhode Island. Many of the adult-use markets in which the Company operates have fewer barriers to entry and more closely reflect free market dynamics typically seen in mature retail and manufacturing industries. The growth of these markets poses a risk of increased competition. However, management views the Company's market share as less at risk than operators without a current operating footprint due to our established brand recognition and supply and distribution chains. Purchasers of adult-use cannabis generally are subject to higher sales taxes than those that apply to purchasers who are authorized for medical purposes. However, anecdotal evidence suggests that some consumers who meet the criteria to apply for medical licenses make adult-use purchases and avoid pursuing a state's medical registration/qualification process.

Regulatory Environment in States Where We Operate

The risk of federal enforcement and other risks associated with the Company's business are described in Item 1A—"Risk Factors."

Regulation of the Cannabis Market at State and Local Level

Following the thesis that distributing brands at scale will win, we enter markets where we believe that we can profitably and sustainably operate and command significant market share, and thus maximize consumer and brand awareness.

Each state in which we operate specifies the types of cannabis licenses that are required for the various activities in which we engage. There are three primary types of licenses: cultivation, processing, and retail/dispensary. Cultivation licenses generally permit the holder to acquire and cultivate cannabis and sell that cannabis to dispensaries or processors. Some states allow cultivation license holders to process cannabis into cannabis-infused products as well, while other states require a separate processing license for this activity. Retail dispensary licenses permit the holder to purchase cannabis from cultivation or processing facilities and sell those products to individuals approved under their state's medical cannabis program or, where adult-use is permitted, to adults over the age of 21. Some states require a separate license for each activity, while others issue a single vertically integrated license that allows the holder to cultivate, process, and sell cannabis.

Below is a summary overview of the regulatory and competitive frameworks in each of our operating markets.

California

California was the first state to legalize medical cannabis through Proposition 215, the Compassionate Use Act of 1996.

In September 2015, the California legislature passed three bills collectively known as the Medical Cannabis Regulation and Safety Act. In November 2016, voters in California overwhelmingly passed Proposition 64, the Adult-Use of Marijuana Act creating an adult-use cannabis program for adults 21 years of age or older. The Medicinal and Adult-Use Cannabis Regulation and Safety Act, which provides for a single set of regulations to govern a medical and adult-use licensing went into effect on January 1, 2018.

The three agencies that regulate cannabis at the state level are: (a) the California Department of Food and Agriculture, via CalCannabis, which issues licenses to cannabis cultivators; (b) the California Department of Public Health, via the Manufactured Cannabis Safety Branch, which issues licenses to cannabis manufacturers; and (c) the California Department of Consumer Affairs, via the Bureau of Cannabis Control, which issues licenses to cannabis distributors, testing laboratories, retailers and micro-businesses.

California License and Regulations

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

In 2021, we opened our first California retail operation in Pasadena. We follow all regulatory requirements regarding the reporting of inventory movement and sale, as well as all other data reporting and record retention requirements mandated by California.

Connecticut

Connecticut's medical cannabis program was introduced in May 2012 when the General Assembly passed legislation PA 12-55 "An Act Concerning the Palliative Use of Marijuana," providing for the use of cannabis in the state by approved patients with written consent from a physician or advanced practice nurse. In June 2021, PA 21-1 was signed into law, legalizing adult-use cannabis as of July 1, 2021. On July 1, 2021, PA 21-1 went into effect, allowing for the purchase and use of cannabis by any adult over the age of 21. The first adult-use sales in the state began in January 2023.

Connecticut Licenses and Regulations

The Connecticut Department of Consumer Protection has issued regulations regarding the Medical Marijuana and Adult-use Programs in Connecticut.

There are two principal medical cannabis license categories in Connecticut: (1) cultivation/processing and (2) dispensary. We are licensed to operate one hybrid adult-use/medical cannabis cultivation/processing facility two medical cannabis dispensaries and one hybrid adult-use/medical cannabis dispensary. All licenses are, as of the date hereof, active with the State of Connecticut. Each facility licensee is independently issued.

We follow all regulatory requirements regarding the reporting of inventory movement and sale, as well as all other data reporting and record retention requirements mandated by Connecticut.

Florida

In 2016, the Florida Medical Marijuana Legalization Initiative was introduced by citizen referendum and passed on November 8, 2016. This language, known as "Amendment 2," amended the state constitution and mandated an expansion of the state's medical cannabis program, which was previously limited to patients suffering from a diagnosed terminal condition.

Amendment 2, and the resulting expansion of qualifying medical conditions, became effective on January 3, 2017. On June 9, 2017, the Florida House of Representatives and Florida Senate passed respective legislation to implement the expanded program, which officially became law on June 23, 2017.

Florida Licenses and Regulations

There is one principal license category in Florida: the vertically-integrated Medical Marijuana Treatment Centers ("MMTC") license. Licenses are issued by the Florida Department of Health, Office of Medical Marijuana Use, and license holders can only own one license. There is no limit on the number of facilities that can be operated under an MMTC license. We currently are approved to operate two medical cannabis cultivation/processing facilities and fourteen medical cannabis dispensaries under our single MMTC license. All operating facilities are, as of the date hereof, active with the State of Florida.

As our operations in Florida are vertically-integrated, we are able to cultivate, harvest, process and sell/dispense/deliver our own medical cannabis products.

We follow all regulatory requirements regarding the reporting of inventory movement and sale, as well as all other data reporting and record retention requirements mandated by Florida.

Illinois

In 2013, the Illinois General Assembly passed the Compassionate Use of Medical Cannabis Pilot Program Act, which went into effect on January 1, 2014, allowing the use of cannabis in the state by approved patients with written medical consent. In June 2019, the Governor signed the Cannabis Regulation and Tax Act, legalizing cannabis for adult-use and the law went into effect on June 25, 2019. Adult-use sales of cannabis began in the state on January 1, 2020.

Illinois Licenses and Regulations

There are four principal license categories in Illinois: (1) cultivation (which includes processing); (2) infusing; (3) transportation; and (4) dispensary. Dispensaries are regulated by the Illinois Department of Financial and Professional Regulation; the remainder are regulated by the Department of Agriculture. Licenses are independently issued for each approved activity for use at our facilities in Illinois. We have two cultivation facilities operating under two cultivation licenses. We have 10 operating dispensaries, which is the statutory cap, operating under 15 total licenses (10 adult-use dispensary licenses and 5 medical dispensary licenses). By applicable law, we are not permitted to add medical dispensary licenses to the 5 locations that only have adult-use sales.

We follow all regulatory requirements regarding the reporting of inventory movement and sale, as well as all other data reporting and record retention requirements mandated by Illinois.

Maryland

In 2014, the Maryland legislature passed HB 881/SB 923, establishing a comprehensive medical cannabis program and the program became operational on December 1, 2017. The Maryland Medical Cannabis Commission regulates the state program, which allows the use of cannabis in the state by approved patients with written medical consent.

In November 2022, a ballot question passed legalizing possession of up to 1.5 ounces of cannabis and home cultivation of up to two plants beginning July 1, 2023. On May 3, 2023, Maryland Governor Moore signed the Cannabis Reform Act, authorizing existing medical dispensaries to transition their licenses into dual medical and adult-use sales by July 1, 2023. The legislation also established the Maryland Cannabis Administration to oversee and regulate Maryland's cannabis program and to issue additional grower, processor, and dispensary licenses, and newly created micro-grower, micro-processor, micro-dispensary, incubator, and on-site consumption licenses over two licensing application rounds. Adult-use sales in Maryland began on July 1, 2023.

Maryland Licenses and Regulations

There are three principal license categories in Maryland as of January 2023: (1) cultivation, (2) processing and (3) dispensary. There is generally no distinction between medical and adult-use licenses. We own one cultivation license, one processing license and four retail dispensaries. All licenses are, as of the date hereof, active with the State of Maryland. The licenses are independently issued for each approved activity.

We follow all regulatory requirements regarding the reporting of inventory movement and sale, as well as all other data reporting and record retention requirements mandated by Maryland.

Massachusetts

Massachusetts legalized medical cannabis when voters passed a ballot initiative in 2012. The law took effect on January 1, 2013. Adult-use cannabis became legal in Massachusetts as of December 15, 2016, following a ballot initiative in November 2016. In September 2017, the Cannabis Control Commission was established to regulate medical and adult-use of cannabis in the state.

Massachusetts Licenses and Regulations

On the medical side, there is one principal license category in Massachusetts: a vertically integrated Medical Marijuana Treatment Center ("MTC") license. MTCs grow, process and dispense their own cannabis. On the adult-use side, there are many license categories, but the two principal ones are Marijuana Cultivator and Marijuana Establishment (dispensary).

The Cannabis Control Commission, a regulatory body created in 2018, oversees the medical and adult-use programs, including licensing of cultivation, processing and dispensary facilities. Licensed medical dispensaries are given priority status in adult-use licensing.

We have two MTCs in Massachusetts, which include two medical cultivation facilities and two medical retail dispensaries. We have three adult-use dispensaries and one adult-use cultivation center.

We follow all regulatory requirements regarding the reporting of inventory movement and sale, as well as all other data reporting and record retention requirements mandated by Massachusetts.

Minnesota

In 2014, Minnesota created a medical cannabis program for patients with qualifying medical conditions upon physician, physician assistant or nurse practitioner recommendation.

Minnesota License and Regulations

There is one category of licensure in Minnesota: medical cannabis manufacturer.

A medical cannabis manufacturer is an entity registered with the Commissioner of Health that can cultivate, acquire, manufacture, possess, prepare, transfer, transport, supply, and dispense medical cannabis.

The main regulatory body for cannabis is the Minnesota Department of Health, Office of Medical Cannabis.

As of December 31, 2023, we have one cultivation and processing facility and seven operating dispensaries in Minnesota.

In 2022, Minnesota made changes to a hemp statute (Minn. Stat. 151.72), permitting the sale of "low-dose" hemp derived THC products (psychoactive hemp-based products), including edibles, beverages, and topicals, in retail outlets like grocery and convenience stores upon licensure from the State. On June 6, 2023, Minnesota Governor Tim Walz signed the Minnesota Adult Use Cannabis Act creating a framework for adult-use legalization and establishing the Office of Cannabis Management (OCM), which is responsible for regulating cannabis and hemp. Retail sales of Cannabis under the adult-use statute are expected to begin in the first quarter of 2025.

We follow all regulatory requirements regarding the reporting of inventory movement and sale, as well as all other data reporting and record retention requirements mandated by Minnesota.

Nevada

Nevada became a medical cannabis state in 2001. In 2013, the Nevada legislature passed SB374, providing for state licensing of medical cannabis establishments. On November 8, 2016, Nevada voters passed NRS 435D by ballot initiative allowing for the sale of cannabis for adult-use starting on July 1, 2017. On June 12, 2019, the laws were revised, creating the Nevada Cannabis Compliance Board to oversee administration of the program. The new laws also provided that each cannabis establishment must obtain a license from its local jurisdiction as well as the state.

Nevada Licenses and Regulations

There are three principal license categories in Nevada: (1) cultivation, (2) processing and (3) dispensary. We are licensed to operate two medical and adult-use cultivation facilities, three medical and adult-use processing facilities, five medical dispensary licenses and up to thirteen adult-use retail locations. All licenses are, as of the date hereof, active with the State of Nevada. The licenses are independently issued for each approved activity for use at our facilities in Nevada.

We follow all regulatory requirements regarding the reporting of inventory movement and sale, as well as all other data reporting and record retention requirements mandated by Nevada.

New Jersey

On January 18, 2010, the governor of New Jersey signed into law S.119, the Compassionate Use Medical Marijuana Act, providing for permitting the use of medical cannabis with physician approval.

On July 2, 2019, the governor of New Jersey signed the Jake Honig Compassionate Use Medical Cannabis Act into law, which amended the Compassionate Use Medical Marijuana Act to allow for more license types.

After voters approved a ballot measure in November 2019, the governor of New Jersey signed three bills into law in 2021 that establish an adult-use program for adults who are at least 21 years old. New Jersey began adult-use sales on April 1, 2022.

New Jersey Licenses and Regulations

The New Jersey Cannabis Regulatory Commission is responsible for regulating cannabis in New Jersey. License types in New Jersey include vertically integrated medical Alternative Treatment Centers and medical or adult-use cultivator, dispensary, and manufacturer licenses.

We are licensed to operate two adult-use/medical cultivation facilities, one of which is co-located with a processing facility, one retail medical cannabis dispensary and two retail adult-use/medical dispensaries in the state of New Jersey. All licenses are, as of the date hereof, active with the State of New Jersey. The licenses are independently issued for each approved activity for use at our facilities in New Jersey.

We follow all regulatory requirements regarding the reporting of inventory movement and sale, as well as all other data reporting and record retention requirements mandated by New Jersey.

New York

In July 2014, the New York Legislature and Governor enacted the Compassionate Care Act to provide a comprehensive, safe and effective medical cannabis program. The Compassionate Care Act provides access to the program for those who suffer from qualifying conditions and have a physician's recommendation.

In 2021, the Marijuana Regulation and Tax Act (“MRTA”) was signed into law. The MRTA legalized adult-use cannabis and established the New York Office of Cannabis Management, which continues to promulgate rules and regulations.

New York Licenses and Regulations

The Office of Cannabis Management is the regulatory agency that oversees the adult-use and medical cannabis program in New York. There is currently one principal medical license category in New York: Registered Organization (a vertically integrated license).

We hold a Registered Organization Adult-use Cultivator Processor Distributor Retail Dispensary (“ROD”) license. Under our ROD license, we operate one cultivation/manufacturing facility and five medical cannabis dispensaries. One of our medical dispensaries has co-located adult-use sales. Under the MRTA we may open an additional four medical dispensaries and we may co-locate adult-use sales at a total of three of our medical dispensaries over time. All operating facilities are, as of the date hereof, active with the State of New York.

We follow all regulatory requirements regarding the reporting of inventory movement and sale, as well as all other data reporting and record retention requirements mandated by New York.

Ohio

House Bill 523, effective on September 8, 2016, legalized medical cannabis in Ohio. The Ohio Medical Marijuana Control Program allows people with certain medical conditions, upon the recommendation of an Ohio-licensed physician certified by the State Medical Board, to purchase and use medical cannabis.

On November 7, 2023, Ohio voters legalized adult-use cannabis by ballot measure. The new law establishes the Division of Cannabis Control within the Department of Commerce to oversee and regulate the adult-use market and requires state officials to promulgate rules creating new cannabis business applications within six months and to license existing medical cannabis businesses within nine months of enactment.

Ohio License and Regulations

There are three principal license categories in Ohio: (1) cultivation, (2) processing and (3) dispensary. We are licensed to operate one medical cannabis cultivation facility, one medical cannabis processing facility and five retail medical cannabis dispensaries in the state of Ohio, which is the statutory limit. All licenses are, as of the date hereof, active with the State of Ohio. The licenses are independently issued for each approved activity for use at our facilities in Ohio.

The three following state government agencies are responsible for the operation of Ohio's Medical Marijuana Control Program: (1) the Ohio Department of Commerce oversees medical cannabis cultivators, processors and testing laboratories; (2) the State of Ohio Board of Pharmacy oversees medical cannabis retail dispensaries, the registration of medical cannabis patients and caregivers, the approval of new forms of medical cannabis and coordinating the Medical Marijuana Advisory Committee; and (3) the State Medical Board of Ohio certifies physicians to recommend medical cannabis and may add to the list of qualifying conditions for which medical cannabis can be recommended. The Department of Commerce's Division of Cannabis Control oversees and regulates the adult-use market.

We follow all regulatory requirements regarding the reporting of inventory movement and sale, as well as all other data reporting and record retention requirements mandated by Ohio.

<u>Pennsylvania</u>

The Pennsylvania medical cannabis program was signed into law on April 17, 2016, under Act 16 and provided access to state residents with qualifying conditions.

Pennsylvania Licenses and Regulations

There are two principal license categories in Pennsylvania: (1) cultivation/processing and (2) dispensary. Our subsidiary GTI Pennsylvania, LLC is licensed to operate a medical cultivation/processing facility and is also licensed to operate medical retail locations. Our subsidiary KW Ventures Holdings, LLC is also licensed to operate medical retail locations. All licenses are, as of the date hereof, active with the Commonwealth of Pennsylvania. The licenses are independently issued for each approved activity for use at our facilities in Pennsylvania.

All licenses are, as of the date hereof, active with the Commonwealth of Pennsylvania. Each license is independently issued.

All cultivation/processing establishments and dispensaries must register with the Pennsylvania Department of Health.

We follow all regulatory requirements regarding the reporting of inventory movement and sale, as well as all other data reporting and record retention requirements mandated by Pennsylvania.

<u>Rhode Island</u>

Rhode Island legalized medical cannabis in 2006. Under this law, Rhode Island offers medical cannabis registration cards for patients with qualifying conditions and physician approval.

After a successful ballot measure, Rhode Island's governor signed two measures into law in May of 2022 approving sales in the state for adults who are at least 21 years old. Adult-use sales commenced on December 1, 2022 for the five licensed medical cannabis compassion centers which were approved for hybrid retail licenses. These hybrid retail licenses allow the centers to sell both medical and adult-use cannabis products in retail settings.

Rhode Island Licensure and Regulations

There are two categories of medical cannabis licensure in Rhode Island: compassion center (which includes cultivation and dispensary) and cultivator. The program is overseen by the Rhode Island Department of Business Regulation, Office of Cannabis Regulation.

After the passage of Rhode Island's adult-use law in 2022, existing operators became eligible to receive hybrid licenses, allowing them to cultivate and/or sell cannabis to adults ages 21 and over. The Cannabis Control Commission oversees the regulation, licensing enforcement and control of the medical and adult-use cannabis programs.

We follow all regulatory requirements regarding the reporting of inventory movement and sale, as well as all other data reporting and record retention requirements mandated by Rhode Island.

Virginia

In 2017, Virginia passed a law that allowed patients suffering from intractable epilepsy access to CBD or THC-A oil. In 2018, this law was significantly expanded, which allowed any medical condition to qualify with state-certified physician, nurse practitioner or physician assistant recommendation. The next year, the law was amended to allow for higher potency THC. In February 2021, cannabis was legalized for adult-use. There is currently no date for the start of adult-use retail sales.

Virginia License and Regulations

There are currently two principal license categories in Virginia: (1) pharmaceutical processing and (2) dispensing. The primary regulatory body for cannabis is the Virginia Department of Health Professions: Board of Pharmacy. A pharmaceutical processor must obtain a permit from the Board of Pharmacy.

A cannabis dispensing facility is owned, at least in part, by a pharmaceutical processor.

We have one pharmaceutical processor permit and six dispensary permits. We have the right to open two more dispensaries pending regulatory approval.

We follow all regulatory requirements regarding the reporting of inventory movement and sale, as well as all other data reporting and record retention requirements mandated by Virginia.

State License Renewal Requirements

For each of our provisional and operational licenses, the states impose strict license renewal requirements that vary state by state. We generally must complete the renewal application process within a prescribed period of time prior to the expiration date and pay an application fee. The state licensing body can deny or revoke licenses and renewals for a variety of reasons, including (a) submission of materially inaccurate, incomplete or fraudulent information, (b) failure of the company or any of its directors or officers to comply, or have a history of non-compliance, with any applicable law or regulation, including laws relating to minimum age of customers, safety and non-diversion of cannabis or cannabis products, taxes, child support, workers compensation and insurance coverage, or failure to otherwise remain in good standing (c) failure to submit or implement a plan of correction for any identified violation, (d) attempting to assign registration to another entity without state approval, (e) insufficient financial resources, (f) committing, permitting, aiding or abetting of any illegal practices in the operation of a facility, (g) failure to cooperate or give information to relevant law enforcement related to any matter arising out of conduct at a licensed facility and (h) lack of responsible operations, as evidenced by negligence, disorderly or unsanitary facilities or permitting a person to use a registration card belonging to another person. Certain jurisdictions also require licensees to attend a public hearing or forum in connection with their license renewal application.

Newly Established Legal Regime

Our business activities rely on newly established and/or developing laws and regulations in the states in which we operate. These laws and regulations are rapidly evolving and subject to change with minimal notice. Regulatory changes may adversely affect our profitability or cause us to cease operations entirely. The cannabis industry may come under further scrutiny by the Food and Drug Administration, the SEC, the Department of Justice, the Financial Industry Regulatory Advisory and other regulatory authorities that supervise or regulate the production, distribution, sale and use of cannabis for medical and nonmedical purposes in the United States. It is impossible to determine the extent of the impact of new laws, regulations or initiatives that may be proposed. The regulatory uncertainty surrounding the industry may adversely affect our business and operations, including without limitation, the costs to remain compliant with applicable laws and the impairment of our business or the ability to raise additional capital.

Available Information

Our website address is www.gtigrows.com. Through this website, our filings with the SEC, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports, will be accessible (free of charge) as soon as reasonably practicable after materials are electronically filed with or furnished to the SEC. We also make available through our website our Code of Ethical Business Conduct. The information provided on our website is not part of this document.

ITEM 1A. RISK FACTORS

Summary of Risk Factors

Our business is subject to a number of risks and uncertainties of which you should be aware before making a decision to invest in our Subordinate Voting Shares. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary; and other risks we face, can be found below under the heading "Risk Factors" and should be carefully considered, together with other information in this Annual Report on Form 10-K and our other filings with the SEC, before making a decision to invest in our Subordinate Voting Shares. These risks include, among others, the following:

- Cannabis remains illegal under U.S. federal law, and enforcement of cannabis laws could change.
- State regulation of cannabis is uncertain.
- We may not be able to obtain or maintain necessary permits and authorizations.
- We may be subject to heightened scrutiny by Canadian regulatory authorities.
- We may face limitations on ownership of cannabis licenses.
- We may become subject to U.S. Food and Drug Administration or Bureau of Alcohol, Tobacco, Firearms and Explosives regulation.
- As a cannabis business, we are subject to applicable anti-money laundering laws and regulations and have restricted access to banking and other financial services.
- We may face difficulties acquiring additional financing.
- We lack access to U.S. bankruptcy protections.
- We operate in a highly regulated sector and may not always succeed in complying fully with applicable regulatory requirements in all jurisdictions where we carry on business.
- We face intense competition.
- We face competition from the illicit market as well as actual or purported Farm Bill compliant hemp products.
- We are dependent on the popularity and of consumer acceptance of our brand portfolio.
- We have limited trademark protection.
- Cannabis businesses are subject to unfavorable U.S. tax treatment and may incur significant tax liability.
- We are subject to proceeds of crime statutes.
- We face exposure to fraudulent or illegal activity.
- We face risks due to industry immaturity or limited comparable, competitive or established industry best practices.
- We face risks related to our products.
- Our business is subject to the risks inherent in agricultural operations.
- We may be adversely impacted by rising or volatile energy costs and availability.
- We face risks related to our information technology systems and potential cyber-attacks and security breaches.
- We rely on third-party software providers for numerous capabilities we depend upon to operate, and a disruption of one or more or more of these systems could adversely affect our business.
- We rely on the expertise of our management team and other employees experienced in the cannabis industry, and the loss of key personnel could negatively affect our business, financial condition and results of operations.
- We face an inherent risk of product liability and similar claims.
- Our products may be subject to product recalls.
- We may face unfavorable publicity or consumer perception.
- Our voting control is concentrated.

- Our capital structure and voting control may cause unpredictability.
- Sales of substantial amounts of Subordinate Voting Shares by our shareholders in the public market may have an adverse effect on the market price of our Subordinate Voting Shares.

Risk Factors

Certain factors may have a material adverse effect on our business, financial condition, and results of operations. Investing in our shares involves a high degree of risk. You should carefully consider the following risks, together with all of the other information contained in this Annual Report on Form 10-K, including the sections titled "Disclosure Regarding Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the related notes included elsewhere in this Annual Report on Form 10-K. Any of the following risks could have an adverse effect on our business, financial condition, operating results, or prospects and could cause the trading price of our common stock to decline, which would cause you to lose all or part of your investment. Our business, financial condition, operating results, or prospects could also be harmed by risks and uncertainties not currently known to us or that we currently do not believe are material.

Risks Related to Our Business

Cannabis remains illegal under U.S. federal law, and enforcement of cannabis laws could change.

Cannabis is illegal under U.S. federal law. In those states in which the use of cannabis has been legalized, its use remains a violation of federal law pursuant to the Controlled Substances Act (21 U.S.C. § 811). The Controlled Substances Act classifies cannabis as a Schedule I controlled substance, and as such, medical and adult-use cannabis use is illegal under U.S. federal law. Unless and until Congress amends the Controlled Substances Act with respect to cannabis (and the President approves such amendment), there is a risk that federal authorities may enforce current federal law. If that occurs, we may be deemed to be producing, cultivating or dispensing cannabis and drug paraphernalia in violation of federal law. Since federal law criminalizing the use of cannabis pre-empts state laws that legalize its use, enforcement of federal law regarding cannabis is a significant risk and would greatly harm our business, prospects, revenue, results of operation and financial condition.

Our activities are, and will continue to be, subject to evolving regulation by governmental authorities. We are directly or indirectly engaged in the medical and adult-use cannabis industry in the United States where local and state law permits such activities. The legality of the production, cultivation, extraction, distribution, retail sales, transportation and use of cannabis differs among states in the United States. Due to the current regulatory environment in the United States, new risks may emerge, and management may not be able to predict all such risks.

As of December 31, 2023, 38 states (and the territories of Guam, Puerto Rico, the U.S. Virgin Islands, the Northern Mariana Islands, and the District of Columbia) have legalized the cultivation and sale of cannabis for medical purposes. In 24 of those states, the sale and possession of cannabis is legal for both medical and adult-use, and the District of Columbia has legalized adult-use but not commercial sale. Ten of those states legalized adult-use sales within the last three years, and of those, four legalized adult-use sales in 2023.

Despite this, our activities in the medical and adult-use cannabis industry are illegal under the applicable federal laws of the United States. There can be no assurances that the federal government of the United States will not seek to enforce the applicable laws against us. The consequences of such enforcement would be materially adverse to us and our business, including our reputation, profitability and the market price of our publicly traded shares, and could result in the forfeiture or seizure of all or substantially all of our assets.

It is further possible that Department of Justice or an aggressive federal prosecutor could allege that Green Thumb Industries Inc., and our Board, our executive officers and, potentially, our shareholders, "aided and abetted" violations of federal law by providing finances and services to our portfolio cannabis companies. Under these circumstances, federal prosecutors could seek to seize our assets, and to recover the "illicit profits" previously distributed to shareholders resulting from any of our financing or services. In these circumstances, the Company's operations would cease, shareholders may lose their entire investments and directors, officers and/or shareholders may be left to defend any criminal charges against them at their own expense and, if convicted, be sent to federal prison.

Additionally, there can be no assurance as to the position the Biden administration or any future administration may take on cannabis, and a new administration could decide to enforce federal laws against state-regulated cannabis companies. Any enforcement of current federal cannabis laws could cause significant financial damage to us and our shareholders.

Violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. These results could have a material adverse effect on us, including, but not limited to, our reputation and ability to conduct business, our holding (directly or indirectly) of cannabis licenses in the United States, the listing of our securities on various stock exchanges, our financial position, operating results, profitability or liquidity or the market price of our Subordinate Voting Shares. In addition, it is difficult to estimate the time or resources that would be needed for the investigation or final resolution of any such matters because: (i) the time and resources that may be needed depend on the nature and extent of any information requested by the authorities involved, and (ii) such time or resources could be substantial.

State regulation of cannabis is uncertain.

There is no assurance that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing state laws are repealed or curtailed, the Company's business or operations in those states or under those laws would be materially and adversely affected. As they amend or develop legislation and regulations, state and local regulators and legislatures may use the regulatory process to slow the growth of multistate operators like the Company, with the intent of creating increased opportunities for resident farmers and entrepreneurs, which could severely restrict our ability to operate in those jurisdictions. Federal actions against any individual or entity engaged in the cannabis industry or a substantial repeal of cannabis related legislation could adversely affect the Company, our business and our assets or investments. Maintaining compliance with complex and ever-changing regulations and laws, including sometimes unclear regulations and laws, can be a difficult task, and a materially compliant business can be found in violation of one or more laws, rules or regulations while remaining materially or substantially compliant with applicable state cannabis laws.

The rulemaking process at the state level that applies to cannabis operators in any state will be ongoing and result in frequent changes. As a result, a compliance program is essential to manage regulatory risk. All operating policies and procedures implemented by the Company are compliance-based and are derived from the state regulatory structure governing ancillary cannabis businesses and their relationships to state-licensed or permitted cannabis operators, if any. Notwithstanding the Company's efforts and diligence, regulatory compliance and the process of obtaining and maintaining regulatory approvals can be costly and time-consuming. No assurance can be given that the Company will receive or be able to maintain the requisite licenses, permits or cards to continue operating our businesses.

In addition, local laws and ordinances could restrict the Company's business activity. Although the Company's operations are legal under the laws of the states in which the Company's business operate, local governments have the ability to limit, restrict and ban cannabis businesses from operating within their jurisdiction. Land use, zoning, local ordinances and similar laws could be adopted or changed and have a material adverse effect on the Company's business.

Multiple states where medical and/or adult-use cannabis is legal have or are considering special taxes or fees on businesses in the cannabis industry. It is uncertain at this time whether other states are in the process of reviewing such additional taxes and fees. The implementation of special taxes or fees could have a material adverse effect upon the Company's business, prospects, revenue, results of operation and financial condition.

We may not be able to obtain or maintain necessary permits and authorizations.

Our subsidiaries may not be able to obtain or maintain the necessary licenses, permits, certificates, authorizations or accreditations to operate their respective businesses, or may only be able to do so at great cost. In addition, our subsidiaries may not be able to comply fully with the wide variety of laws and regulations applicable to the cannabis industry. Failure to comply with or to obtain the necessary licenses, permits, certificates, authorizations or accreditations could result in restrictions on a subsidiary's ability to operate in the cannabis industry, which could have a material adverse effect on our business, financial condition or results of operations.

We may be subject to heightened scrutiny by Canadian regulatory authorities.

Currently, the Company is traded on the CSE and on over-the-counter markets in the United States. The business, operations and investments of the Company in the United States, and any future business, operations or investments, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada and the United States. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to operate or invest in the United States or any other jurisdiction, in addition to those described herein.

In 2017, there were concerns that the Canadian Depository for Securities Limited, through its subsidiary CDS Clearing and Depository Services Inc. (“CDS”), Canada’s central securities depository (clearing and settling trades in the Canadian equity, fixed income and money markets), would refuse to settle trades for cannabis issuers that have investments in the United States. However, CDS has not implemented this policy.

On February 8, 2018, the Canadian Securities Administrators published Staff Notice 51-352 describing the Canadian Securities Administrators’ disclosure expectations for specific risks facing issuers with cannabis-related activities in the U.S. Staff Notice 51-352 confirms that a disclosure-based approach remains appropriate for issuers with U.S. cannabis-related activities. Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group, which is the owner and operator of CDS, announced the signing of a Memorandum of Understanding (“MOU”) with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange and the TSX Venture Exchange (“TSXV”). The MOU outlines the parties’ understanding of Canada’s regulatory framework applicable to the rules, procedures and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the Canadian securities exchanges to review the conduct of listed issuers. The MOU notes that securities regulation requires that the rules of each of the exchanges must not be contrary to the public interest and that the rules of each of the exchanges have been approved by the securities regulators. Pursuant to the MOU, CDS will not ban accepting deposits of or transactions for clearing and settlement of securities of issuers with cannabis-related activities in the United States. Even though the MOU indicated that there are no plans to ban the settlement of securities through CDS, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were implemented at a time when Subordinate Voting Shares are listed on a Canadian stock exchange, it would have a material adverse effect on the ability of holders of Subordinate Voting Shares to make and settle trades. In particular, the Subordinate Voting Shares would become highly illiquid until an alternative (if available) was implemented, and investors would have no ability to effect a trade of Subordinate Voting Shares through the facilities of the applicable Canadian stock exchange.

We may face limitations on ownership of cannabis licenses.

In certain states, the cannabis laws and regulations limit not only the number of cannabis licenses issued, but also the number of cannabis licenses that one person or entity may own. Such limitations on the ownership of additional licenses within certain states may limit the Company’s ability to grow in such states.

We may become subject to U.S. Food and Drug Administration or Bureau of Alcohol, Tobacco, Firearms and Explosives regulation.

Cannabis remains a Schedule I controlled substance under U.S. federal law. If the federal government reclassifies cannabis to a Schedule III controlled substance, it is possible that the FDA would seek to regulate cannabis under the Food, Drug and Cosmetics Act of 1938. Additionally, the FDA may issue rules and regulations, including good manufacturing practices, related to the growth, cultivation, harvesting and processing of medical cannabis. Clinical trials may be needed to verify the efficacy and safety of cannabis. It is also possible that the FDA would require facilities where medical use cannabis is grown to register with the FDA and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, the impact they would have on the cannabis industry is unknown, including the costs, requirements and possible prohibitions that may be enforced. If the Company is unable to comply with the potential regulations or registration requirements prescribed by the FDA, it may have an adverse effect on the Company’s business, prospects, revenue, results of operation and financial condition.

It is also possible that the federal government could seek to regulate cannabis under the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives. The Bureau of Alcohol, Tobacco, Firearms and Explosives may issue rules and regulations related to the use, transporting, sale and advertising of cannabis or cannabis products, including smokeless cannabis products.

As a cannabis business, we are subject to applicable anti-money laundering laws and regulations and have restricted access to banking and other financial services.

We are subject to a variety of laws and regulations in the United States that involve money laundering, financial record-keeping and proceeds of crime, including the U.S. Currency and Foreign Transactions Reporting Act of 1970, (which we refer to as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (which we refer to as the USA Patriot Act), and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States. Accordingly, pursuant to the Bank

Secrecy Act, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy.

The United States Department of the Treasury's Financial Crimes Enforcement Network, which we refer to as FinCEN, issued a memorandum on February 14, 2014, which we refer to as the FinCEN Memorandum, outlining the pathways for financial institutions to bank cannabis businesses in compliance with federal enforcement priorities. The FinCEN Memorandum states that in some circumstances, it is permissible for banks to provide services to cannabis-related businesses without risking prosecution for violation of federal money laundering laws. The FinCEN Memorandum refers to the Cole Memorandum's enforcement priorities.

The Department of Justice continues to have the right and power to prosecute crimes committed by banks and financial institutions, such as money laundering and violations of the Bank Secrecy Act, that occur in any state including states that have in some form legalized the sale of cannabis. Further, the conduct of the Department of Justice's enforcement priorities could change for any number of reasons. A change in the Department of Justice's priorities could result in the prosecution of banks and financial institutions for crimes that were not previously prosecuted.

If our operations, or proceeds thereof, dividend distributions or profits or revenues derived from our operations were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds from a crime (the sale of a Schedule I drug) under the Bank Secrecy Act's money laundering provisions. This may restrict our ability to declare or pay dividends or effect other distributions.

The FinCEN Memorandum does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the Department of Justice, FinCEN or other federal regulators. Thus, most banks and other financial institutions in the United States do not appear comfortable providing banking services to cannabis-related businesses or relying on this guidance given that it has the potential to be amended or revoked by the current administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, we may have limited or no access to banking or other financial services in the United States. In addition, federal money laundering statutes and Bank Secrecy Act regulations discourage financial institutions from working with any organization that sells a controlled substance, regardless of whether the state it operates in permits cannabis sales. Our inability or limitation of our ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for us to operate and conduct our business as planned or to operate efficiently.

In the United States, the "SAFE Banking Act" which has been passed by the U.S. House of Representatives seven times, most recently on July 14, 2022 as an amendment to the National Defense Authorization Act, would grant banks and other financial institutions immunity from federal criminal prosecution for servicing Marijuana-Related Businesses if the underlying cannabis business follows state law. However, while the U.S. Senate Banking Committee passed the "SAFER Banking Act" on a bipartisan vote of 14-9 in September 2023, that bill has yet to be brought to the U.S. Senate floor and faces an uncertain future in the U.S. House of Representatives. There can be no assurance that it will be passed as presently proposed or at all.

In both Canada and the United States, transactions involving banks and other financial institutions are both difficult and unpredictable under the current legal and regulatory landscape. Legislative changes could help to reduce or eliminate these challenges for companies in the cannabis space and would improve the efficiency of both significant and minor financial transactions.

We may face difficulties acquiring additional financing.

We may require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions and/or other business combination transactions. There can be no assurance that additional financing will be available to us when needed or on terms which are acceptable. Our inability to raise financing through traditional banking to fund on-going operations, capital expenditures or acquisitions could limit growth and may have a material adverse effect upon the Company's business, prospects, revenue, results of operation and financial condition.

We lack access to U.S. bankruptcy protections.

Many courts have denied cannabis businesses bankruptcy protections because the use of cannabis is illegal under federal law. In the event of a bankruptcy, it would be very difficult for lenders to recoup their investments in the cannabis industry. If the Company were to experience a bankruptcy, there is no guarantee that U.S. federal bankruptcy protections would be available to us, which would have a material adverse effect on us.

We operate in a highly regulated sector and may not always succeed in complying fully with applicable regulatory requirements in all jurisdictions where we carry on business.

Our business and activities are heavily regulated in all jurisdictions where we conduct business. Our operations are subject to various laws, regulations and guidelines by state and local governmental authorities relating to the manufacture, marketing, management, transportation, storage, sale, pricing and disposal of cannabis and cannabis oil, and also including laws and regulations relating to health and safety, insurance coverage, the conduct of operations and the protection of the environment. Laws and regulations, applied generally, grant government agencies and self-regulatory bodies broad administrative discretion over our activities, including the power to limit or restrict business activities as well as impose additional disclosure requirements on our products and services. Achievement of our business objectives is contingent, in part, upon compliance with regulatory requirements enacted by these governmental authorities and obtaining all necessary regulatory approvals for the manufacture, production, storage, transportation, sale, import and export, as applicable, of our products. The commercial cannabis industry is still a new industry at the state and local level. The effect of relevant governmental authorities' administration, application and enforcement of their respective regulatory regimes and delays in obtaining, or failure to obtain, applicable regulatory approvals which may be required may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on our business, prospects, revenue, results of operation and financial condition. Any failure to comply with the regulatory requirements applicable to our operations may lead to possible sanctions including the revocation or imposition of additional conditions on licenses to operate our business; the suspension or expulsion from a particular market or jurisdiction or of our key personnel; the imposition of additional or more stringent inspection, testing and reporting requirements; and the imposition of fines and censures. In addition, changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to our operations, increase compliance costs or give rise to material liabilities and/or revocation of our licenses and other permits, which could have a material adverse effect on our business, results of operations and financial condition. Furthermore, governmental authorities may change their administration, application or enforcement procedures at any time, which may adversely impact our ongoing costs relating to regulatory compliance. Maintaining compliance with complex and ever-changing regulations, including sometimes unclear regulations and laws, can be a difficult task, and a materially compliant business can be found in violation of one or more laws, rules or regulations while remaining materially or substantially compliant with applicable state cannabis laws.

We face intense competition.

We face intense competition from other companies, some of which have longer operating histories and more financial resources and manufacturing, retail and marketing experience than us. Increased competition by larger and better financed competitors could materially and adversely affect our business, financial condition and results of operations.

Because of the early stage of the industry in which we operate, we face additional competition from new entrants, participants in the illicit market that face significantly lower costs to operate, and sellers of unregulated psychoactive hemp-based products. If the number of consumers of cannabis in the states in which we operate our business increases, the demand for products and qualified talent will increase and we expect that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, we will require a continued high level of investment in research and development, marketing, sales, talent retention and client support. We may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis, which could materially and adversely affect our business, financial condition and results of operations. Additionally, as the number of available licenses increase in the markets in which we operate, additional competition and increased product availability may result in competitors undercutting our prices. From time to time, we may need to reduce our prices in response to competitive and customer pressures and to maintain our market share, which could materially reduce our revenues. A decline in the price of the Subordinate Voting Shares could affect our ability to raise further working capital and adversely impact our ability to continue operations.

A prolonged decline in the price of the Subordinate Voting Shares could result in a reduction in the liquidity of the Subordinate Voting Shares and a reduction in our ability to raise capital, if needed. Such reductions may force us to reallocate funds from other planned uses and may have a significant negative effect on our business plan and operations, including our ability to develop new products and continue our current operations. If our stock price declines, there can be no assurance that we will be able to raise additional capital or generate funds from operations sufficient to meet our obligations. If we are unable to raise sufficient capital in the future, we may not be able to have the resources to continue our normal operations.

We face competition from the illicit market as well as actual or purported Farm Bill compliant hemp products.

We face and expect to continue to face competition from unregulated psychoactive hemp-based products, including actual or purported Farm Bill compliant hemp products and illicit cannabis businesses, which are unlicensed and unregulated. Psychoactive hemp-based products, including Farm Bill compliant hemp products, are generally not subject to the intensive and costly state-level regulatory regimes that medical and adult-use cannabis are subject to. These products generally are not produced in adherence with the same laws, regulations, rules, tax regimes and other restrictions that are applicable to us, which significantly reduces these producers' costs, and may have a material adverse effect on our business. In addition, although not subject to the same quality and health and safety regulations applicable to medical and adult-use cannabis businesses, if actual or purported Farm Bill compliant hemp products cause harm to their users, that could result in a material adverse effect on the perception of cannabis use and its legality.

The competition presented by illicit cannabis businesses, and the inability or unwillingness of law enforcement authorities to enforce existing laws prohibiting the unlicensed or otherwise illegal cultivation and sale of cannabis, could result in the perpetuation of the illegal market for cannabis and/or have a material adverse effect on the perception of cannabis use.

We are dependent on the popularity of consumer acceptance of our brand portfolio.

Our ability to generate revenue and be successful in the implementation of our business plan is dependent on consumer acceptance of and demand for our products. Acceptance of our products depends on several factors, including availability, cost, ease of use, familiarity of use, convenience, effectiveness, safety and reliability. If these customers do not accept our products, or if such products fail to adequately meet customers' needs and expectations, our ability to continue generating revenues could be reduced. As the number of available licenses increase in the markets in which we operate, and the illicit market and psychoactive hemp-based products proliferate, additional competition and increased product availability may result in competitors undercutting our prices. From time to time, we may need to reduce our prices in response to competitive and customer pressures and to maintain our market share, which could materially reduce our revenues.

We may face difficulties in enforcing our contracts.

Because our contracts involve cannabis and other activities that are not legal under federal law and in some state jurisdictions, we may face difficulties in enforcing our contracts in federal courts and certain state courts. We cannot be assured that we will have a remedy for breach of contract, which could have a material adverse effect on us.

We have limited trademark protection.

We are not able to register any federal trademarks for our cannabis products. Because producing, manufacturing, processing, possessing, distributing, selling and using cannabis is a crime under the Controlled Substances Act, the Patent and Trademark Office will not permit the registration of any trademark that identifies cannabis products. As a result, we likely will be unable to protect our cannabis product trademarks beyond the geographic areas in which we conduct business. The use of our trademarks outside the states in which we operate by one or more other persons could have a material adverse effect on the value of such trademarks.

We are and may continue to be subject to constraints on marketing our products.

Certain states in which we operate have enacted strict regulations regarding marketing and sales activities on cannabis products. There may be restrictions on sales and marketing activities imposed by government regulatory bodies that can hinder the development of the Company's business and operating results. Restrictions may include regulations that specify what, where and to whom product information and descriptions may appear and/or be advertised. Marketing, advertising, packaging and labeling regulations also vary from state to state, potentially limiting the consistency and scale of consumer branding communication and product education efforts. The regulatory environment in the U.S. limits our ability to compete for market share in a manner similar to other industries. If we are unable to effectively market our products and compete for market share, or if the costs of compliance with government legislation and regulation cannot be absorbed through increased selling prices for our products, our sales and operating results could be adversely affected.

We face risks related to the results of future clinical research.

Research regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis or isolated cannabinoids (such as cannabidiol, commonly referred to as CBD and THC) remains in early stages. There have been relatively few clinical trials on the benefits of cannabis or isolated cannabinoids (such as CBD and THC). Although we believe that various articles, reports and studies support our beliefs regarding the medical benefits, viability, safety, efficacy, dosing and social acceptance of cannabis, future research and clinical trials may prove such statements to be incorrect, or could raise concerns regarding, and perceptions relating to, cannabis. Further, the federal illegality of cannabis and associated limits on our ability to properly fund and conduct research on cannabis and the lack of formal Food and Drug Administration oversight of cannabis, there is limited information about the long-term safety and efficacy of cannabis in it various forms, when combusted or combined with various cannabis and/or non-cannabis derived ingredients and materials or when ingested, inhaled or topically applied. Future research or oversight may reveal negative health and safety effects, which may significantly impact our reputation, operations and financial performance.

Given these risks, uncertainties and assumptions, prospective purchasers of Subordinate Voting Shares should not place undue reliance on such articles and reports. Future research studies and clinical trials may draw opposing conclusions to those stated in this Annual Report on Form 10-K or reach negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing, social acceptance or other facts and perceptions related to cannabis, which could have a material adverse effect on the demand for our products, with the potential to have a material adverse effect on our business, prospects, revenue, results of operation and financial condition.

We are subject to taxation in Canada and the United States.

We are and will continue to be a Canadian corporation as of the date of this Annual Report on Form 10-K. We are treated as a Canadian resident company (as defined in the Income Tax Act (Canada)) subject to Canadian income taxes. We are also treated as a U.S. corporation subject to U.S. federal income tax pursuant to Section 7874 of the Internal Revenue Code of 1986, as amended, (which we refer to as the "IRC") and are subject to U.S. federal income tax on our income. As a result, we are subject to taxation both in Canada and the United States, which could have a material adverse effect on our financial condition and results of operations.

It is unlikely that we will pay any dividends on the Subordinate Voting Shares in the foreseeable future. However, dividends received by shareholders who are residents of Canada for purposes of the Income Tax Act (Canada) will be subject to U.S. withholding tax. Any such dividends may not qualify for a reduced rate of withholding tax under the Canada-United States tax treaty. In addition, a foreign tax credit or a deduction in respect of foreign taxes may not be available.

Dividends received by U.S. shareholders will not be subject to U.S. withholding tax but will be subject to Canadian withholding tax. Dividends paid by us will be characterized as U.S. source income for purposes of the foreign tax credit rules under the IRC. Accordingly, U.S. shareholders generally will not be able to claim a credit for any Canadian tax withheld unless, depending on the circumstances, they have an excess foreign tax credit limitation due to other foreign source income that is subject to a low or zero rate of foreign tax.

Dividends received by shareholders that are neither Canadian nor U.S. shareholders will be subject to U.S. withholding tax and will also be subject to Canadian withholding tax. These dividends may not qualify for a reduced rate of U.S. withholding tax under any income tax treaty otherwise applicable to our shareholders, subject to examination of the relevant treaty. Because the Subordinate Voting Shares are treated as shares of a U.S. domestic corporation, the U.S. gift, estate and generation-skipping transfer tax rules generally apply to a non-U.S. shareholder of Subordinate Voting Shares. Each shareholder should seek tax advice, based on such shareholder's particular circumstances, from an independent tax advisor.

Cannabis businesses are subject to unfavorable U.S. tax treatment and may incur significant tax liability.

Under Section 280E, we are not allowed to take any deductions or credits for any amounts paid or incurred during the taxable year in carrying on business if the business (or the activities which comprise the trade or business) consists of trafficking in controlled substances (within the meaning of Schedules I and II of the Controlled Substances Act). The U.S. Internal Revenue Service has applied this provision to cannabis operations, prohibiting them from deducting certain expenses associated with cannabis businesses. Section 280E may have a lesser impact on cannabis cultivation and manufacturing operations. Accordingly, Section 280E has a significant impact on the operations of cannabis companies and an otherwise profitable business may operate at a loss, after taking into account its U.S. income tax expenses.

As a cannabis businesses, we may be subject to civil asset forfeiture.

Any property owned by participants in the cannabis industry used in the course of conducting such business, or that is the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture because of the illegality of the cannabis industry under federal law. Even if the owner of the property is never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

We are subject to proceeds of crime statutes.

We are subject to a variety of laws that concern money laundering, financial recordkeeping and proceeds of crime. These include: the Bank Secrecy Act, as amended by Title III of the USA Patriot Act, the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada), the rules and regulations under the Criminal Code of Canada and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States and Canada.

In the event that any of our license agreements, or any proceeds thereof, in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above, or any other applicable legislation. This could have a material adverse effect on us, among other things, could restrict or otherwise jeopardize our ability to declare or pay dividends, effect other distributions or subsequently repatriate such funds back to Canada.

We face exposure to fraudulent or illegal activity.

We face exposure to the risk that employees, independent contractors or consultants may engage in fraudulent or other illegal activities. Misconduct by these parties could be intentional, reckless and/or negligent conduct. There may be disclosure of unauthorized activities that violate government regulations, manufacturing standards, healthcare laws, abuse laws and other financial reporting laws. Further, it may not always be possible for us to identify and deter misconduct by our employees and other third parties, and the precautions taken by us to detect and prevent these activities may not always be effective. As a result, we could face potential penalties and litigation.

We are a holding company.

We are a holding company and essentially all of our assets are the capital stock of our subsidiaries in our 14 markets, including California, Connecticut, Florida, Illinois, Maryland, Massachusetts, Minnesota, Nevada, New Jersey, New York, Ohio, Pennsylvania, Rhode Island and Virginia. As a result, investors in the Company are subject to the risks attributable to our subsidiaries. As a holding company, we conduct substantially all of our business through our subsidiaries, which generate substantially all of our revenues. Consequently, our cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of our subsidiaries and the distribution of those earnings to us. The ability of these entities to pay dividends and other distributions depends on their operating results and is subject to applicable laws and regulations, which require that solvency and capital standards be maintained by the subsidiaries and contractual restrictions are contained in the instruments governing their debt. In the event of a bankruptcy, liquidation or reorganization of any of our material subsidiaries, holders of indebtedness and trade creditors may be entitled to payment of their claims from the assets of those subsidiaries before us.

Our internal controls over financial reporting may not be effective, and our independent auditors may not be able to certify as to their effectiveness, which could have a significant and adverse effect on our business.

We are subject to various SEC reporting and other regulatory requirements. We have incurred and will continue to incur expenses and, to a lesser extent, diversion of our management's time, in our efforts to comply with Section 404 of the Sarbanes-Oxley Act regarding internal controls over financial reporting. Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act, or the subsequent testing by our independent registered public accounting firm, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retrospective changes to our consolidated financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our Subordinate Voting Shares.

Material acquisitions, dispositions and other strategic transactions involve a number of risks for us.

Material acquisitions, dispositions and other strategic transactions involve a number of risks for us, including: (i) potential disruption of our ongoing business; (ii) distraction of management; (iii) increased financial leverage; (iv) the anticipated benefits and cost savings of those transactions may not be realized or may take longer to realize than anticipated; (v) increased scope and complexity of our operations; and (vi) loss or reduction of control over certain of our assets. Multiple non-material acquisitions, dispositions or strategic transactions that occur on or about the same time, even though not individually material, may present similar risks to the Company.

Additionally, we may issue additional Subordinate Voting Shares in connection with such transactions, which would dilute a shareholder's holdings in the Company.

The presence of one or more material liabilities of an acquired company that are known, but believed to be immaterial, or unknown to us at the time of acquisition could have a material adverse effect on our business, prospects, revenue, results of operation and financial condition. A strategic transaction may result in a significant change in the nature of our business, operations and strategy. In addition, we may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into our operations. These and other circumstances could also result in the impairment of goodwill and long-lived assets.

We may invest in companies which may not be able to meet anticipated development targets or be successful in the future.

We may make investments in companies with no significant sources of operating cash flow and no revenue from operations, that are in early stages of development, or that have high-risk profiles. Our investments in such companies will be subject to risks and uncertainties that new companies with no or limited operating history may face. In particular, there is a risk that our investment in these companies will not be able to meet anticipated development targets or will not generate revenue at all. If these companies underperform or fail to continue to develop, their businesses may fail, which could have a material adverse effect on our business, prospects, revenue, results of operation and financial condition.

Our use of joint ventures, strategic partnerships and alliances may expose us to risks associated with jointly owned investments.

We currently operate parts of our business through joint ventures with other companies, and we may enter into additional joint ventures and strategic alliances in the future. Joint venture investments may involve risks not otherwise present in investments made solely by us, including: (i) we may not control the joint ventures; (ii) our joint venture partners may not agree to distributions that we believe are appropriate; (iii) where we do not have substantial decision-making authority, we may experience impasses or disputes with our joint venture partners on certain decisions, which could require us to expend additional resources to resolve such impasses or disputes, including litigation or arbitration; (iv) our joint venture partners may become insolvent or bankrupt, fail to fund their share of required capital contributions or fail to fulfill their obligations as a joint venture partner; (v) the arrangements governing our joint ventures may contain certain conditions or milestone events that may never be satisfied or achieved; (vi) our joint venture partners may have business or economic interests that are inconsistent with ours and may take actions contrary to our interests; (vii) we may suffer losses as a result of actions taken by our joint venture partners with respect to our joint venture investments; and (viii) it may be difficult for us to exit a joint venture if an impasse arises or if we desire to sell our interest for any reason. Any of the foregoing risks could have a material adverse effect on our business, financial condition and results of operations. In addition, we may, in certain circumstances, be liable for the actions of our joint venture partners.

There can be no assurance that our current and future strategic alliances or expansions of scope of existing relationships will have a beneficial impact on our business, financial condition and results of operations.

We currently have, and may in the future enter into, additional strategic alliances with third parties that we believe will complement or augment our existing business. Our ability to complete strategic alliances is dependent upon, and may be limited by, the availability of suitable candidates and capital. In addition, strategic alliances could present unforeseen integration obstacles or costs, may not enhance our business and may involve risks that could adversely affect us, including significant amounts of management time that may be diverted from operations in order to pursue and complete such transactions or maintain such strategic alliances. Future strategic alliances could result in the incurrence of additional debt, costs and contingent liabilities, and there can be no assurance that future strategic alliances will achieve, or that our existing strategic alliances will continue to achieve, the expected benefits to our business or that we will be able to consummate future strategic alliances on satisfactory terms, if at all. Any of the foregoing could have a material adverse effect on our business, financial condition and results of operations.

Competition for the acquisition and leasing of properties suitable for the cultivation, production and sale of medical and adult-use cannabis may impede our ability to make acquisitions or increase the cost of these acquisitions, which could adversely affect our operating results and financial condition.

We compete for the acquisition of properties suitable for the cultivation, production and sale of medical and adult-use cannabis with entities engaged in agriculture and real estate investment activities, including corporate agriculture companies, cultivators, producers and sellers of cannabis. In addition, in certain markets the local governments have authority to choose where any cannabis establishment will be located. These authorized areas are frequently removed from other retail operations. Because the cannabis industry remains illegal under U.S. federal law, the disadvantaged tax status of businesses deriving their income from cannabis, and the reluctance of the banking industry to support cannabis businesses, it may be difficult for us to locate and obtain the rights to operate at various preferred locations. Property owners may violate their mortgages by leasing to us, and those property owners that are willing to allow use of their facilities may require payment of above fair market value rents to reflect the scarcity of such locations and the risks and costs of providing such facilities. All of these factors may prevent us from acquiring and leasing desirable properties, may cause an increase in the price we must pay for properties or may result in us having to lease our properties on less favorable terms than we expect.

Our competitors may adopt transaction structures similar to ours, which would decrease our competitive advantage in offering flexible transaction terms. In addition, due to a number of factors, the number of entities and the amount of funds competing for suitable investment properties may increase, resulting in increased demand and increased prices paid for these properties. If we pay higher prices for properties or enter into leases for such properties on less favorable terms than we expect, our profitability and ability to generate cash flow and make distributions to our stockholders may decrease. Increased competition for properties may also preclude us from acquiring those properties that would generate attractive returns to us.

Our reputation and ability to do business may be negatively impacted by the improper conduct by our business partners, employees or agents.

We depend on third-party suppliers to produce and timely ship our orders. Products purchased from our suppliers are resold to our customers. These suppliers could fail to produce products to our specifications or quality standards and may not deliver units on a timely basis. Any changes in our suppliers to resolve production issues could impact our ability to fulfill orders and could also disrupt our business due to delays in finding new suppliers.

Furthermore, we cannot provide assurance that our internal controls and compliance systems will protect us from acts committed by our employees, agents or business partners in violation of U.S. federal or state or local laws. Any improper acts or allegations could damage our reputation and subject us to civil or criminal investigations and related shareholder lawsuits, could lead to substantial civic and criminal monetary and non-monetary penalties and could cause us to incur significant legal and investigatory fees.

We face risks due to industry immaturity or limited comparable, competitive or established industry best practices.

As a relatively new industry, there are not many established operators in the medical and adult-use cannabis industries whose business models we can follow or build upon. Similarly, there is no or limited information about comparable companies available for potential investors to review in making a decision about whether to invest in us.

Shareholders and investors should consider, among other factors, our prospects for success in light of the risks and uncertainties encountered by companies, like us, that are in their early stages. For example, unanticipated expenses and problems or technical difficulties may occur, which may result in material delays in the operation of our business. We may fail to successfully address these risks and uncertainties or successfully implement our operating strategies. If we fail to do so, it could materially harm our business to the point of having to cease operations and could impair the value of the Subordinate Voting Shares to the extent that investors may lose their entire investment.

We face risks related to our products.

We have committed and expect to continue committing significant resources and capital to develop and market existing products and new products and services. These products are relatively untested in the marketplace, and we cannot assure shareholders and investors that we will achieve market acceptance for these products, or other new products and services that we may offer in the future, or that our products that achieve market acceptance will be able to maintain that acceptance over time. Moreover, these and other new products and services may be subject to significant competition with offerings by new and existing competitors in the business. In addition, new products and services may pose a variety of challenges and require us to attract additional qualified employees. The failure to successfully develop and market these new products and services could seriously harm our business, prospects, revenue, results of operation and financial condition. As discussed above under Item 1—"Business - Competitive Conditions and the Company's Position in the Industry - Competition", the Company also faces competition from products that are not subject to testing or regulation by state agencies, not subject to the same taxes, and otherwise able to be priced significantly lower than the Company's products.

Psychoactive hemp-based products are federally illegal if they exceed the limits of the Farm Bill.

Hemp-derived products that exceed the limits in the Farm Bill are federally illegal. Although currently not a material part of our business, we have begun producing, or licensing third parties to produce, Farm Bill compliant hemp products. Any products we may produce or license that are intended to be Farm Bill compliant but exceed the limits of psychoactive material allowable under the Farm Bill could subject the Company to action by regulatory authorities and/or to lawsuits by consumers, which may have a material adverse effect on the Company, including due to damage to our reputation and our ability to obtain or maintain the licenses supporting our medical and adult use cannabis businesses.

Our business is subject to the risks inherent in agricultural operations.

The Company's business involves the growing of cannabis, an agricultural product. The Company's business is subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although the Company's cultivation is substantially completed indoors under climate control, some cultivation is completed outdoors, and there can be no assurance that natural elements will not have a material adverse effect on any future production.

We may be adversely impacted by rising or volatile energy costs and availability.

The Company's cannabis growing operations require energy supply, which makes it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may adversely affect the business of the Company and our ability to operate profitably. Further, from time to time in some markets in which we operate, our demand for energy may exceed the available supply. In limited circumstances, we have had to rely on alternative power sources such as generators to power our cultivation and processing facilities. A more prolonged disruption in our ability to maintain sufficient power to operate our facilities could result in a significant disruption of our operations, damage to our agricultural products or equipment, and result in a material adverse effect to our business.

We may encounter unknown environmental risks.

There can be no assurance that the Company will not encounter hazardous conditions, such as asbestos or lead, at the sites of the real estate used to operate our businesses, which may delay the development of our businesses. Climate change or significant weather events may accelerate or exacerbate environmental conditions in ways that adversely affect the business due to potential negative effects on agricultural conditions, increased difficulty in construction projects to support our operations, and ownership or leasing of real property generally. Upon encountering a hazardous condition, work at the facilities of the Company may be suspended. If the Company receives notice of a hazardous condition, it may be required to correct the condition prior to continuing construction. If additional hazardous conditions were present, it would likely delay construction and may require significant expenditure of the Company's resources to correct the conditions. Such conditions could have a material impact on the investment returns of the Company.

In addition, the operations of the Company are subject to environmental regulation in the various jurisdictions in which we operate. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors (or the equivalent thereof) and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the operations of the Company.

We face risks related to our information technology systems, and potential cyber-attacks and security breaches.

Our operations depend, in part, on how well we and our suppliers protect networks, equipment, information technology, which we refer to as IT, systems and software against damage and threats, including, but not limited to, cable cuts, damage to physical plants, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism, fraud and theft. Our operations also depend on the timely maintenance and replacement of network equipment, IT systems and software, as well as pre-emptive expenses to mitigate associated risks. Given the nature of our products and the lack of legal availability outside of channels approved by the federal government, as well as the concentration of inventory in our facilities, there remains a risk of shrinkages, as well as theft. If there was a breach in security and we fell victim to theft, fraud, cyber-attack or robbery, the loss of cannabis plants, cannabis oils, cannabis flowers and cultivation and processing equipment, or if there was a failure or breach in information systems, it could adversely affect our reputation and business continuity. Breaches or other unauthorized access, theft, modification or destruction of confidential patient, customer, employee or other confidential information that is stored in our systems could adversely affect our business.

Additionally, we may store and collect personal information about patients and customers and are responsible for protecting that information from privacy breaches that may occur through procedural or process failure, IT malfunction or deliberate unauthorized intrusions. Any such theft or privacy breach, or one that involved competitively sensitive or other protected information, would have a material adverse effect on our business, prospects, revenue, results of operation and financial condition.

We could experience a cyber incident, which generally refers to any intentional attack or an unintentional event that results in unauthorized access to systems to disrupt operations, corrupt data or steal or expose confidential information or intellectual property, or a ransomware attack, which is a type of malicious software that infects a computer and restricts users' access to it until a ransom is paid to unlock it. Any such incident that compromises the information stored on our systems could result in widespread negative publicity, damage to our reputation, a loss of patients and customers, disruption of our business and legal liabilities. If any of our critical suppliers is the subject of a cyber or ransomware attack, we could experience a significant disruption in our supply chain and possibly shortages of key resources.

We are subject to laws, rules and regulations in the United States such as the California Privacy Rights Act, which went into effect on January 1, 2023, Connecticut Personal Data Privacy and Online Monitoring Act (CPDPOMA), which went into effect July 1, 2023 and the Virginia Consumer Data Protection Act (VCDPA), which went into effect on January 1, 2023, and those of other jurisdictions relating to the collection, processing, storage, transfer and use of personal data. Our ability to execute transactions and to possess and use personal information and data in conducting our business subjects us to legislative and regulatory burdens that may require us to notify regulators and customers, employees and other individuals of a data security breach. Evolving compliance and operational requirements under applicable privacy laws, rules and regulations of other jurisdictions in which we operate impose significant costs that are likely to increase over time. In addition, non-compliance could result in proceedings against us by governmental entities and/or significant fines, could negatively impact our reputation and may otherwise adversely impact our business, financial condition and operating results.

We rely on third parties to provide numerous capabilities that we depend upon on to operate, and a disruption of these systems could adversely affect our business.

We are dependent on vendors and third-party software providers, such as our seed-to-sale tracking software providers and point of sale transaction processing providers to operate our business. A serious disruption to any of these could significantly limit our ability to serve our customers and operate profitably. The failure of one or more such providers to provide the expected services, provide them on a timely basis or provide them at the prices we expect, or otherwise meet our performance standards and expectations (including with respect to data security, compliance and data privacy and protection laws) may adversely affect our business. Further, if we found it necessary to replace any such service provider, disruptions arising from the transition of functions to an alternative provider, or the costs developing our own software if we were unable to find an alternate provider, may have a material adverse effect on our results of operations or financial condition. Any disruption could cause our business and competitive position to suffer and cause our operating results to be reduced.

We face risks related to our insurance coverage and uninsurable risks.

Our business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labor disputes, destruction from civil unrest and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although we intend to continue to maintain insurance to protect against certain risks in such amounts as we consider to be reasonable, our insurance will not cover all the potential risks associated with our operations. We may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in our operations is not generally available on acceptable terms. We might also become subject to liability for pollution or other hazards which the Company may not be insured against or which we may elect not to insure against because of premium costs or other reasons. Losses from these events may cause us to incur significant costs that could have a material adverse effect upon our financial performance and results of operations.

We are dependent on key inputs, suppliers and skilled labor; and fluctuations in the cost or availability of materials we use in our products and supply chain could negatively affect our results.

The marijuana business is dependent on a number of key inputs and their related costs, including raw materials and supplies related to growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs, such as the raw material cost of cannabis, materials we use in our products and for the construction and development of our facilities, or natural or other disruptions to power or other utility systems, could materially impact our business, financial condition, results of operations or prospects. Some of these inputs may only be available from a single supplier or a limited group of suppliers, or be sourced abroad. If a sole source supplier was to go out of business, we might be unable to find a replacement for such source in a timely manner, or at all. If a sole source supplier were to be acquired by a competitor, that competitor may elect not to sell to us in the future. Manufacturing delays or unexpected transportation delays, particularly from materials we source abroad, can also cause us to incur significantly increased costs. Any of these fluctuations may increase our cost of products and have an adverse effect on our profit margins, results of operations and financial condition. Any inability to secure required supplies and services, or to do so on appropriate terms, could have a materially adverse impact on our business, prospects, revenue, results of operations and financial condition.

Our ability to compete and grow will be dependent on us having access, at a reasonable cost and in a timely manner, to skilled labor, equipment, parts and components. No assurances can be given that we will be successful in maintaining our required supply of skilled labor, equipment, parts and components.

We rely on the expertise of our management team and other employees experienced in the cannabis industry, and the loss of key personnel could negatively affect our business, financial condition and results of operations.

Our success largely depends upon the continued services of our executive officers and management team members. If one or more of our executive officers or management members is unable or unwilling to continue in their present position, we may not be able to replace such individual readily, if at all. Additionally, we may incur additional expenses to recruit and retain new executive officers and management members and personnel with experience in the cannabis industry. We do not maintain “key person” life insurance on any of our executive officers. Because of these factors, the loss of the services of any key persons could adversely affect our business, financial condition and results of operations.

We must attract and maintain key personnel or our business will fail.

Our success is dependent upon the ability, expertise, judgment, discretion and good faith of our senior management and key personnel. We compete with other companies both within and outside the cannabis industry to recruit and retain competent employees. If we cannot maintain qualified employees to meet the needs of our anticipated growth, our business and financial condition could be materially adversely affected.

Our sales are difficult to forecast.

As a result of recent and ongoing regulatory and policy changes in the medical and adult-use cannabis industries, laws that prevent widespread participation in and otherwise hinder market research in the medical and adult-use cannabis industry, and unreliable levels of market supply, the market data available is limited and unreliable. We must rely largely on our own market research to forecast sales, as detailed forecasts are not generally obtainable from other sources in the states in which our business operates. Additionally, any market research and our projections of estimated total retail sales, demographics, demand and similar consumer research, are based on assumptions from limited and unreliable market data. A failure in the demand for our products to materialize as a result of competition, technological change, failure of states to enforce cannabis regulations, the use of psychoactive hemp-based products or other factors could have a material adverse effect on our business, results of operations and financial condition.

We may be subject to growth-related risks.

We may be subject to growth-related risks, including capacity constraints and pressure on our internal systems and controls. Our ability to manage growth effectively will require us to continue to implement and improve our operational and financial systems and to expand, train and manage our employee base. Our inability to deal with this growth may have a material adverse effect on our business, prospects, revenue, results of operation and financial condition.

We may be subject to litigation.

We may become party to litigation from time to time in the ordinary course of business, which could adversely affect our business. Should any litigation in which we become involved be determined against us, such a decision could adversely affect our ability to continue operating and the market price for the Subordinate Voting Shares and could potentially use significant resources. Even if we are involved in litigation and win, litigation can redirect significant resources of Green Thumb Industries Inc. and/or its subsidiaries.

We face an inherent risk of product liability and similar claims.

As a producer, distributor and retailer of products designed to be ingested by humans, we face an inherent risk of exposure to product liability claims, regulatory action and litigation if our products are alleged to have failed to meet expected standards or to have caused significant loss or injury. In addition, the sale of our products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of our products alone or in combination with other medications or substances could occur. We may be subject to various product liability claims, including, among others, that our products caused injury, illness or death, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. As an agricultural product, the quality of cannabis is inherently variable, and consumers may raise claims that our quality control or labeling processes have not sufficiently ensured that our grown and manufactured processes are sufficient to meet expected standards. A product liability claim or regulatory action against us could result in increased costs, could adversely affect our reputation with our clients and consumers generally and could have a material adverse effect on our business, results of operations and financial condition. There can be no assurances that we will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of our potential products.

We may be exposed to infringement or misappropriation claims by third parties, which, if determined adversely to us, could subject us to significant liabilities and other costs.

Our success may depend on our ability to use and develop new extraction technologies, recipes, know-how and new strains of marijuana without infringing the intellectual property rights of third parties. We cannot assure that third parties will not assert intellectual property claims against us. We are subject to additional risks if entities licensing intellectual property to us do not have adequate rights to the licensed materials. If third parties assert copyright or patent infringement or violation of other intellectual property rights against us, we will be required to defend ourselves in litigation or administrative proceedings, which can be both costly and time consuming and may significantly divert the efforts and resources of management personnel. An adverse determination in any such litigation or proceedings to which we may become a party could subject us to significant liability to third parties, require us to seek licenses from third parties, require us to pay ongoing royalties or subject us to injunctions that may prohibit the development and operation of our applications.

Our products may be subject to product recalls.

Manufacturers, distributors and retailers of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of our products or products sold at our retail stores are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. We may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin, if at all. In addition, a product recall may require significant management attention. Although we have detailed procedures in place for testing our products and requiring compliant labeling of third-party products we sell, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if any of our brands were subject to recall, our image and the image of that brand could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for our products and could have a material adverse effect on the results of our operations and financial condition. Additionally, product recalls may lead to increased scrutiny of our operations by the Food and Drug Administration, or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

We may face unfavorable publicity or consumer perception.

Management believes the medical and adult-use cannabis industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of the cannabis produced. Consumer perception of our products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that is perceived as less favorable than, or questions earlier research reports, findings or publicity could have a material adverse effect on the demand for our products. Our dependence upon consumer perceptions means that such adverse reports, whether or not accurate or with merit, could ultimately have a material adverse effect on our business, results of operations, financial condition and cash flows. Further, adverse publicity reports or other media attention regarding the safety, efficacy and quality of cannabis in general, or our products specifically, or associating the consumption of cannabis with illness or other negative effects or events, could have such a material adverse effect. Although the Company uses quality control processes and procedures to ensure our consumer packaged goods meet our standards, a failure or alleged failure of such processes and procedures could result in negative consumer perception of our products or legal claims against us. Adverse publicity reports or other media attention could arise even if the adverse effects associated with such products resulted from consumers' failure to consume such products appropriately or as directed.

Certain of our products are e-vapor or "vape" products. The use of vape products and vaping may pose health risks. According to the Centers for Disease Control, vape products may contain ingredients that are known to be toxic to humans and may contain other ingredients that may not be safe. Because clinical studies about the safety and efficacy of vape products have not been submitted to the Food and Drug Administration, consumers currently have no way of knowing whether they are safe for their intended use or what types or concentrations of potentially harmful chemicals or by-products are found in these products. It is also uncertain what implications the use of vape or other inhaled products, such as flower that is smoked, may have on respiratory illnesses such as that caused by the Coronavirus Disease 2019, which we refer to as COVID-19. Adverse findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of vape or other inhaled products, including adverse publicity regarding underage use of vape or other inhaled products, may adversely affect the Company.

We may have increased labor costs based on union activity.

Labor unions are working to organize workforces in the cannabis industry in general, and regulators are increasingly requiring us to enter into labor peace agreements with unions as a condition of receiving a license. Currently, under 15% of our workforce has elected to be represented by a labor organization for purposes of collective bargaining. However, it is possible that greater portions of our workforce at retail and/or manufacturing locations will be organized in the future, which could lead to work stoppages or increased labor costs and adversely affect our business, profitability and our ability to reinvest into the growth of our business. We cannot predict how stable our relationships with U.S. labor organizations will remain or whether we can meet any unions' requirements without impacting our financial condition. Labor unions may also limit our flexibility in dealing with our workforce. Work stoppages and instability in our union relationships could delay the production and sale of our products, which could strain relationships with customers and cause a loss of revenues which would adversely affect our operations.

We are subject to general economic risks and risks of continued inflation.

Our operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and spending and, consequently, impact our sales and profitability. A continued upward rate of inflation could influence the profits that we generate from our business. When the rate of inflation rises, the operational costs of running our company also increases, such as labor costs, raw materials and public utilities, thus affecting our ability to provide our products at competitive prices. An increase in the rate of inflation could force our customers to search for other products, causing us to lose business and revenue. As the number of available licenses increase in the markets in which we operate, additional competition and increased product availability may result in competitors undercutting our prices. From time to time, we may need to reduce our prices in response to competitive and customer pressures and to maintain our market share, which could materially reduce our revenues.

We may be negatively impacted by challenging global economic conditions.

Our business, financial condition, results of operations and cash flow may be negatively impacted by challenging global economic conditions. For example, during the COVID-19 pandemic, the U.S and other world economies experienced turmoil due to the pandemic, which resulted in global economic uncertainty, supply chain disruptions and other issues.

A global economic slowdown would cause disruptions and extreme volatility in global financial markets, increased rates of default and bankruptcy and declining consumer and business confidence, which can lead to decreased levels of consumer spending. These macroeconomic developments could negatively impact our business, which depends on the general economic environment and levels of consumer spending. As a result, we may not be able to maintain our existing customers or attract new customers, or we may be forced to reduce the price of our products. We are unable to predict the likelihood of the occurrence, duration or severity of such disruptions in the credit and financial markets or adverse global economic conditions. Any general or market-specific economic downturn could have a material adverse effect on our business, financial condition, results of operations and cash flow.

Additionally, the U.S. has imposed and may impose additional quotas, duties, tariffs, retaliatory or trade protection measures or other restrictions or regulations and may adversely adjust prevailing quota, duty or tariff levels, which can affect both the materials that we use to package our products and the sale of finished products. For example, the tariffs imposed by the U.S. on materials from China are impacting materials that we import for use in packaging in the U.S. Measures to reduce the impact of tariff increases or trade restrictions, including geographical diversification of our sources of supply, adjustments in packaging design and fabrication or increased prices, could increase our costs, delay our time to market and/or decrease sales. Other governmental action related to tariffs or international trade agreements has the potential to adversely impact demand for our products and our costs, customers, suppliers and global economic conditions and cause higher volatility in financial markets. While we actively review existing and proposed measures to seek to assess the impact of them on our business, changes in tariff rates, import duties and other new or augmented trade restrictions could have a number of negative impacts on our business, including higher consumer prices and reduced demand for our products and higher input costs.

We may be required to disclose personal information of our owners, investors, officers, managers, and directors to regulators and failure to do so could endanger our ability to expand, endanger our licenses, or cause the Company to incur costs to redeem securities held by uncooperative shareholders.

Ownership in and applications for cannabis licenses can entail lengthy disclosures of personal information to the relevant regulatory authorities. The obligation often extends to all persons holding an ownership interest in the license, whether direct, indirect, present, or future, and often includes those with a mere nominal interest. Analogous disclosures are often required from persons with managerial authority or control over the licenses, as well, including officers, directors, and managers. Disclosures can include providing personal information needed to satisfy extensive criminal history reports and investigations (e.g., fingerprints, address and employment history), tax returns, social security numbers, a history of personal addresses, employment agreements, and other personal information. While some states allow exceptions for individuals with ownership in publicly traded companies like the Company, not all states provide such exceptions. If these requirements were applied to all persons with ownership in the Company, all such persons would be required to comply or the Company would risk losing the opportunity to apply for or renew the license(s), or similarly face the possibility that the license may be revoked.

We are subject to risks arising from epidemic diseases.

A public health epidemic, such as the recent COVID-19 pandemic, or the fear of a potential epidemic or pandemic, poses the risk that we or our employees, contractors, suppliers, and other partners may be prevented from conducting business activities for an indefinite period of time, including due to shutdowns or other preventative measures that may be requested or mandated by governmental authorities. Although our operations continued during the COVID-19 pandemic, as the cultivation, processing and sale of cannabis products was considered an essential business by all states in which we operated with respect to all customers when shutdowns were imposed, there can be no assurances that would be the case in any future actual or anticipated epidemic disease outbreak or pandemic. Our ability to continue to operate without any significant negative operational impact from any future public health crisis will in part depend on our ability to protect our employees, customers and supply chain.

While it is not possible at this time to estimate the impact any actual or potential pandemic could have on our business, measures taken by the governments of countries affected could disrupt the supply chain and the manufacture or shipment or sale of our products and adversely impact our business, financial condition or results of operations. It could also affect the health and availability of our workforce at our facilities, as well as those of our suppliers, particularly those in China and India. Such an event, and any measures taken to avert significant health crises may also have an adverse impact on global economic conditions which could have an adverse effect on our business and financial condition. Because cannabis remains federally illegal, it is possible that we would not be eligible to participate in any government relief programs (such as federal loans or access to capital) resulting from any actual or potential pandemic.

Risks Related to Our Securities

A return on our securities is not guaranteed.

There is no guarantee that our Subordinate Voting Shares will earn any positive return in the short term or long term. A holding of Subordinate Voting Shares is speculative and involves a high degree of risk and should be undertaken only by holders whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Holding of Subordinate Voting Shares is appropriate only for holders who have the capacity to absorb a loss of some or all of their holdings.

We may be affected by currency fluctuations.

We face exposure to significant currency fluctuations because of our present operations in the U.S. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. All or substantially all of our revenue is earned in U.S. dollars, but our shares, and some of our warrants issued to holders of our notes are denominated in Canadian dollars which can provide variability for results of operations. We do not have currency hedging arrangements in place and there is no expectation that we will put any currency hedging arrangements in place in the future. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar may have a material adverse effect on our business, financial position or results of operations.

Our voting control is concentrated.

Our senior executives exercise a significant majority of the voting power with respect to our outstanding shares because of the Super Voting Shares that they hold. These officials include Benjamin Kovler, our Founder, Chairman and Chief Executive Officer, Andrew Grossman, our Head of Capital Markets, and Anthony Georgiadis, our President. Subordinate Voting Shares are entitled to one vote per share, Multiple Voting Shares are entitled to 100 votes per share, and Super Voting Shares are entitled to 1,000 votes per share. As a result, Mr. Kovler, Mr. Grossman and Mr. Georgiadis potentially have the ability to control the outcome of matters submitted to our shareholders for approval, including the election and removal of directors and any arrangement or sale of all or substantially all of our assets.

This concentrated control could delay, defer or prevent a change of control, arrangement or merger involving sale of all or substantially all of our assets that our other shareholders may support. Conversely, this concentrated control could allow the holders of the Super Voting Shares to consummate such a transaction our other shareholders do not support. In addition, the holders of the Super Voting Shares may make long-term strategic investment decisions and take risks that may not be successful and/or may seriously harm our business.

Our capital structure and voting control may cause unpredictability.

Although other Canadian-based companies have dual class or multiple voting share structures, given our unique capital structure and the concentration of voting control that is held by the holders of the Super Voting Shares, this structure and control could result in greater fluctuations in the trading price of our Subordinate Voting Shares, adverse publicity to us or other adverse consequences.

Additional issuances of Super Voting Shares, Multiple Voting Shares or Subordinate Voting Shares may result in dilution.

We may issue additional equity or convertible debt securities in the future, which may dilute an existing shareholder's holdings. Our articles permit the issuance of an unlimited number of Super Voting Shares, Multiple Voting Shares and Subordinate Voting Shares, and existing shareholders will have no pre-emptive rights in connection with such further issuances. Our board of directors has discretion to determine the price and the terms of further issuances, and such terms could include rights, preferences and privileges superior to those existing holders of Subordinate Voting Shares. Moreover, additional Subordinate Voting Shares will be issued by us on the conversion of the Multiple Voting Shares and Super Voting Shares in accordance with their terms. To the extent holders of our options or other convertible securities convert or exercise their securities and sell Subordinate Voting Shares they receive, the trading price of the Subordinate Voting Shares may decrease due to the additional amount of Subordinate Voting Shares available in the market. We cannot predict the size or nature of future issuances or the effect that future issuances and sales of Subordinate Voting Shares will have on the market price of the Subordinate Voting Shares. Issuances of a substantial number of additional Subordinate Voting Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Subordinate Voting Shares. With any additional issuance of Subordinate Voting Shares, investors will suffer dilution to their voting power and economic interest in us.

Sales of substantial amounts of Subordinate Voting Shares by our shareholders in the public market may have an adverse effect on the market price of the Subordinate Voting Shares.

Sales of substantial amounts of Subordinate Voting Shares, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Subordinate Voting Shares. A decline in the market prices of the Subordinate Voting Shares could impair our ability to raise additional capital through the sale of securities should we desire to do so.

The market price for the Subordinate Voting Shares may be volatile.

The market price for securities of cannabis companies generally are likely to be volatile. In addition, the market price for the Subordinate Voting Shares has been and may be subject to wide fluctuations in response to numerous factors beyond our control, including, but not limited to:

- actual or anticipated fluctuations in our quarterly results of operations;
- recommendations by securities research analysts;
- changes in the economic performance or market valuations of companies in the industry in which we operate;
- addition or departure of our executive officers and other key personnel;
- release or expiration of transfer restrictions on outstanding Subordinate Voting Shares;
- sales or perceived sales of additional Subordinate Voting Shares;
- operating and financial performance that varies from the expectations of management, securities analysts and investors;
- regulatory changes affecting our industry generally and our business and operations both domestically and abroad;
- announcements of developments and other material events by us or our competitors;
- fluctuations in the costs of vital production materials and services;
- changes in global financial markets, global economies and general market conditions, such as interest rates and pharmaceutical product price volatility;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving us or our competitors;
- operating and share price performance of other companies that investors deem comparable to us or from a lack of market comparable companies; and

- news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in our industry or target markets.

Financial markets have at times historically experienced significant price and volume fluctuations that: (i) have particularly affected the market prices of equity securities of companies and (ii) have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Subordinate Voting Shares from time to time may decline even if our operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that may result in impairment losses to us. There can be no assurance that further fluctuations in price and volume of equity securities will not occur. If increased levels of volatility and market turmoil continue, our operations could be adversely impacted, and the trading price of the Subordinate Voting Shares may be materially adversely affected.

If securities or industry analysts do not publish or cease publishing research or reports or publish misleading, inaccurate or unfavorable research about us, our business or our market, our stock price and trading volume could decline.

The trading market for our Subordinate Voting Shares will be influenced by the research and reports that securities or industry analysts publish about us, our business, our market or our competitors. If no or few securities or industry analysts cover our Corporation, the trading price and volume of our shares would likely be negatively impacted. If one or more of the analysts who covers us downgrades our shares or publishes inaccurate or unfavorable research about our business, or provides more favorable relative recommendations about our competitors, our stock price would likely decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, demand for our shares could decrease, which could cause our stock price or trading volume to decline.

We face liquidity risks.

Our Subordinate Voting Shares currently trade on the CSE and on over-the-counter markets in the U.S. We cannot predict at what prices the Subordinate Voting Shares will continue to trade, and there is no assurance that an active trading market will be sustained.

Our Subordinate Voting Shares do not currently trade on any U.S. securities exchange. In the event our Subordinate Voting Shares do trade on any U.S. securities exchange, we cannot predict at what prices the Subordinate Voting Shares will trade and there is no assurance that an active trading market will develop or be sustained. There is a significant liquidity risk associated with an investment in us.

We are subject to increased costs as a result of being a public company in Canada and the United States.

As a public company in Canada and the United States, we are subject to the reporting requirements, rules and regulations under the applicable Canadian and American securities laws and rules of stock exchanges on which the Company’s securities may be listed. The requirements of existing and potential future rules and regulations will increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may place undue strain on our personnel, systems and resources, which could adversely affect our business, financial condition and results of operations.

We face costs of maintaining a public listing.

As a public company, there are costs associated with legal, accounting and other expenses related to regulatory compliance. Securities legislation and the rules and policies of the CSE require listed companies to, among other things, adopt corporate governance and related practices, and to continuously prepare and disclose material information, all of which add to a company’s legal and financial compliance costs. We may also elect to devote greater resources than it otherwise would have on communication and other activities typically considered important by publicly traded companies.

We do not intend to pay dividends on our Subordinate Voting Shares and, consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our Subordinate Voting Shares.

We have never declared or paid any cash dividend on our Subordinate Voting Shares and do not currently intend to do so in the foreseeable future. We currently anticipate that we will retain future earnings, if materialized, for the development, operation and expansion of our business and do not anticipate declaring or paying any cash dividends in the foreseeable future. Therefore, the success of an investment in our Subordinate Voting Shares will depend upon any future appreciation in their value. There is no guarantee that our Subordinate Voting Shares will appreciate in value or even maintain the price at which you purchased them.

The market for the Subordinate Voting Shares may be limited for holders of our securities who live in the United States.

Given the heightened risk profile associated with cannabis in the United States, capital markets participants may be unwilling to assist with the settlement of trades for U.S. resident securityholders of companies with operations in the U.S. cannabis industry, which may prohibit or significantly impair the ability of securityholders in the United States to trade our securities. In the event residents of the United States are unable to settle trades of our securities, this may affect the pricing of such securities in the secondary market, the transparency and availability of trading prices and the liquidity of these securities.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Cybersecurity Risk Management

The Company has processes for assessing, identifying, and managing material risks from cybersecurity threats. These processes are integrated into the Company's overall risk management systems. These processes also include overseeing and identifying risks from cybersecurity threats associated with the use of third-party service providers. The Company has established monitoring procedures in its effort to mitigate risks related to data breaches or other security incidents originating from third parties. The Company, from time-to-time, may engage third-party consultants, legal advisors, and audit firms to evaluate and test the Company's risk management systems and assess and remediate certain potential cybersecurity incidents, as appropriate.

Governance

As part of our enterprise risk management program, the Board of Directors (the "Board") and Audit Committee meet with our senior management team, which includes our Chief Executive Officer, President, Chief Financial Officer, and General Counsel to address risks associated with cybersecurity threats on a regular basis. The Board and the Audit Committee receive prompt and timely information regarding any cybersecurity incident that meets established reporting thresholds, as well as ongoing updates regarding any such incident until it has been resolved.

Cybersecurity threats are one of the Company's most critical risks, with our Senior Vice President -Technology assigned as the executive risk owner. Our Senior Vice President - Technology, in coordination with our senior management team, works collaboratively across the Company to implement a program designed to protect the Company's information systems from cybersecurity threats and to promptly respond to any cybersecurity incidents in accordance with the Company's incident response and recovery plans. Multidisciplinary teams throughout the Company are deployed to address cybersecurity threats and to respond to cybersecurity incidents. Through ongoing communications with these teams, the Senior Vice President - Technology and the senior management team monitor the prevention, detection, mitigation and remediation of cybersecurity threats and incidents in real time and report such threats and incidents to the Board and Audit Committee, when appropriate.

Our Senior Vice President - Technology has served in various roles in information technology and information security for over 25 years. He holds undergraduate and graduate degrees in computer science and business.

During the year ended December 31, 2023, we did not identify any cybersecurity threats that have materially affected or are reasonably likely to materially affect our business strategy, results of operations, or financial condition. However, despite the capabilities, processes, and other security measures we employ that we believe are designed to detect, reduce, and mitigate the risk of cybersecurity incidents, we may not be aware of all vulnerabilities or might not accurately assess the risks of incidents, and such preventative measures cannot provide absolute security and may not be sufficient in all circumstances or mitigate all potential risks.

See "Item 1 A. Risk Factors" for more information on the Company's cybersecurity-related risks.

ITEM 2. PROPERTIES

Our headquarters is located in Chicago, IL. The following table sets forth the Company's principal cultivation and processing properties.

Production Properties

Type	Location	Leased / Owned
West Haven Facility	West Haven, CT	Leased
Homestead Facility	Homestead, FL	Owned
Ocala Facility	Ocala, FL	Owned
Oglesby Facility	Oglesby, IL	Leased
Rock Island Facility	Rock Island, IL	Owned
Clinton Facility	Clinton, MA	Leased
Holyoke Facility	Holyoke, MA	Leased
Centreville Facility	Centreville, MD	Owned
Cottage Grove Facility	Cottage Grove, MN	Owned
Hackettstown Facility	Hackettstown, NJ	Leased
Carson City Facility	Carson City, NV	Leased
Las Vegas Facility 1	Las Vegas, NV	Owned
Las Vegas Facility 2	Las Vegas, NV	Leased
Paterson Facility	Paterson, NJ	Leased
Warwick Facility	Warwick, NY	Owned
Toledo Facility	Toledo, OH	Leased
Danville Facility	Danville, PA	Leased
Warwick Facility	Warwick, RI	Leased
Abingdon Facility	Abingdon, VA	Owned
Low Moor Facility	Low Moor, VA	Owned

In addition to the above properties, as of December 31, 2023, the Company has 91 open and operating retail stores, of which, the Company owns 14.

Properties Subject to an Encumbrance. The Company has collateralized the properties in (i) Rock Island, IL, (ii) Homestead, FL, (iii) Centreville, MD, (iv) Las Vegas, NV, (v) Low Moor, VA, (vi) Abingdon, VA, (vii) Ocala, FL, and (viii) Cottage Grove, MN. In addition, the Company has collateralized four retail stores, none of which are considered material.

ITEM 3. LEGAL PROCEEDINGS

Legal Proceedings Related to Contractual Obligations

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. The following is an update to the status of previously disclosed matters as of December 31, 2023:

> Cresco Labs New York, LLC and Cresco Labs LLC ("Plaintiffs") filed an amended complaint (the "Complaint") against one of the Company's subsidiaries, Fiorello Pharmaceuticals, Inc. ("Defendant") on November 20, 2018, in the Supreme Court of the State of New York, alleging Defendant breached the parties' Equity Purchase Agreement Letter of Intent relating to the acquisition of Defendant by Plaintiffs. On October 18, 2023, all pending motions were withdrawn and Plaintiffs' claims were dismissed with prejudice. Accordingly, the Company reduced its loss contingency associated with the Complaint from $900 thousand as of December 31, 2022 to $0 at December 31, 2023.

At December 31, 2023 and 2022, other than as discussed above, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's consolidated operations. There are 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.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Trading Price and Volume

The Subordinate Voting Shares of the Company are traded on the CSE under the symbol "GTII.". The following table sets forth trading information for the Subordinate Voting Shares for the periods indicated, as quoted on the CSE.(1)

Period	Low Trading Price (C$)		High Trading Price (C$)		Volume
Year Ended December 31, 2023					
First Quarter (March 31, 2023)	$	9.95	$	12.25	21,160,377
Second Quarter (June 30, 2023)	$	9.11	$	11.55	25,159,806
Third Quarter (September 30, 2023)	$	8.65	$	16.05	32,652,396
Fourth Quarter (December 31, 2023)	$	10.92	$	15.82	23,126,166
Year Ended December 31, 2022					
First Quarter (March 31, 2022)	$	19.50	$	27.12	33,236,094
Second Quarter (June 30, 2022)	$	10.30	$	23.90	26,657,631
Third Quarter (September 30, 2022)	$	10.48	$	17.78	23,496,921
Fourth Quarter (December 31, 2022)	$	10.93	$	21.34	39,484,018

Notes:
(1) Source: Bloomberg.

The Subordinate Voting Shares of the Company are also traded on the OTCQX under the symbol "GTBIF."

The following table sets forth trading information for the Subordinate Voting Shares for the periods indicated, as quoted on the OTCQX.(1)

Period	Low Trading Price ($)		High Trading Price ($)		Volume
Year Ended December 31, 2023					
First Quarter (March 31, 2023)	$	7.48	$	9.05	27,968,283
Second Quarter (June 30, 2023)	$	6.80	$	8.62	18,713,212
Third Quarter (September 30, 2023)	$	6.58	$	11.90	26,248,320
Fourth Quarter (December 31, 2023)	$	7.80	$	11.70	23,904,216
Year Ended December 31, 2022					
First Quarter (March 31, 2022)	$	15.28	$	22.67	27,366,428
Second Quarter (June 30, 2022)	$	8.00	$	19.09	21,710,304
Third Quarter (September 30, 2022)	$	7.97	$	13.69	27,751,360
Fourth Quarter (December 31, 2022)	$	7.89	$	15.64	39,455,514

Notes:
(1) Source: Bloomberg.
(2) Over-the-counter market quotations reflect inter-dealer prices, without retail mark-up or mark-down or commission and may not necessarily represent actual transactions.

Shareholders

As of February 19, 2024, there are 751 holders of record of our Subordinate Voting Shares.

Dividends

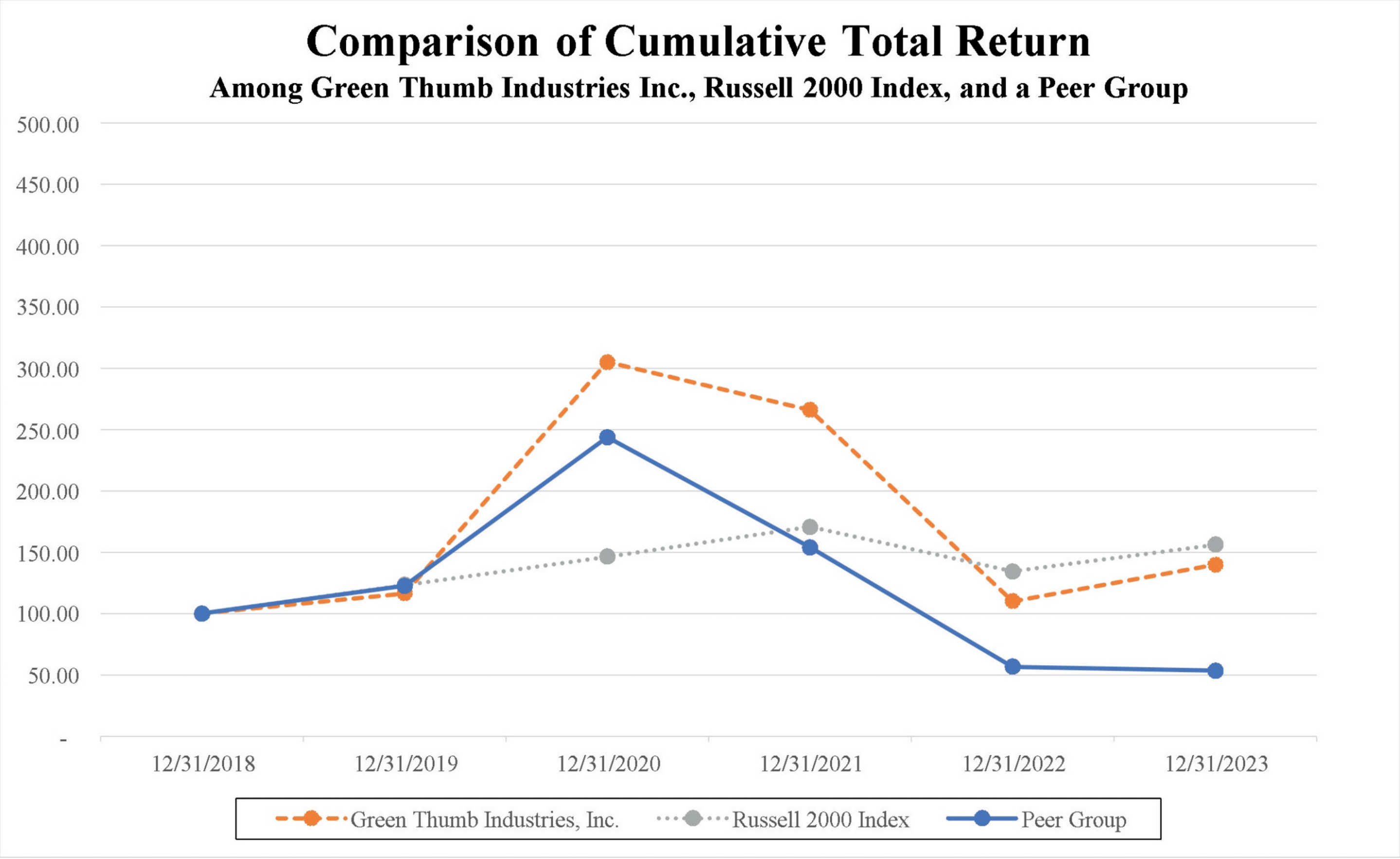
The Company has not declared distributions on Subordinate Voting Shares in the past. The Company currently intends to reinvest all future earnings to finance the development and growth of its business. As a result, the Company does not intend to pay dividends on Subordinate Voting Shares in the foreseeable future. Any future determination to pay distributions will be at the discretion of the Company's Board of Directors and will depend on the financial condition, business environment, operating results, capital requirements, any contractual restrictions on the payment of distributions and any other factors that the Board deems relevant. The Company is not bound or limited in any way to pay dividends in the event that the Board determines that a dividend is in the best interest of its shareholders.

Equity Compensation Plans

For more information on equity compensation plans, see Item 12 of Part III of the Annual Report.

Peer Performance Table

The following graph compares the cumulative total shareholder return on Green Thumb Industries Inc. Subordinate Voting Shares for the five years ended December 31, 2023, with the comparable cumulative return of the Russell 2000 Index and a selected peer group of companies. The comparison assumes all dividends have been reinvested (if any) and an initial investment of $100 on December 31, 2018. The returns of each company in the peer group have been weighted to reflect their market capitalizations. All amounts below are disclosed in U.S. Dollars. The stock price performance on the following graph is not necessarily indicative of future stock price performance.



		Base Period 12/31/18		12/31/19		12/31/20		12/31/21		12/31/22		12/31/23
Green Thumb Industries	$	100	$	116.58	$	305.01	$	266.14	$	110.17	$	140.03
Russell 2000	$	100	$	123.40	$	146.44	$	170.68	$	134.29	$	156.29
Peer Group	$	100	$	122.52	$	243.84	$	153.90	$	56.70	$	53.46

Below are the specific companies included in the peer group.

Peer Group Companies

- Cresco Labs Inc.	- Trulieve Cannabis Corp.
- Curaleaf Holdings, Inc	- Verano Holdings Corp.

This performance graph and other information furnished under this Part II Item 5 of this Annual Report on Form 10-K shall not be deemed to be "soliciting material" or to be "filed" with the SEC or subject to Regulation 14A or 14C, or to the liabilities of Section 18 of the Exchange Act.

Recent Sales of Unregistered Securities

The following information represents securities sold by the Company for the period covered by this Annual Report on Form 10-K which were not registered under the Securities Act. Included are new issues, securities issued in exchange for property, services or other securities, securities issued upon conversion from other share classes and new securities resulting from the modification of outstanding securities. The Company sold all of the securities listed below pursuant to the exemption from registration provided by Section 4(a)(2) of the Securities Act, or Regulation D or Regulation S promulgated thereunder.

Subordinate Voting Shares

Beginning on October 1, 2023 through December 31, 2023, our shareholders converted 5,000 Multiple Voting Shares into 500,000 Subordinate Voting Shares.

Multiple Voting Shares

Beginning on October 1, 2023 through December 31, 2023, our shareholders converted 5,000 Multiple Voting Shares into 500,000 Subordinate Voting Shares.

Super Voting Shares

Beginning on October 1, 2023 through December 31, 2023, our shareholders converted 5,000 Super Voting Shares into 5,000 Multiple Voting Shares.

Recent Issuer Purchases of Equity Securities

The following table sets forth repurchases of our Subordinate Voting Shares during the year ended December 31, 2023:

(Dollars in thousands except per share amounts)

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program (1)	Approximate Dollar Value of Shares that may yet be Purchased Under the Program
January 1, 2023 through January 31, 2023	—	$ —	—	$ —
February 1, 2023 through February 28, 2023	—	—	—	—
March 1, 2023 through March 31, 2023	—	—	—	—
April 1, 2023 through April 30, 2023	—	—	—	—
May 1, 2023 through May 31, 2023	—	—	—	—
June 1, 2023 through June 30, 2023	—	—	—	—
July 1, 2023 through July 31, 2023	—	—	—	—
August 1, 2023 through August 31, 2023	—	—	—	—
September 1, 2023 through September 30, 2023	2,500,000	9.96	2,500,000	25,110
October 1, 2023 through October 31, 2023	—	—	—	—
November 1, 2023 through November 30, 2023	—	—	—	—
December 1, 2023 through December 31, 2023	1,343,125	11.14	1,343,125	10,144
	3,843,125	**$ 10.37**	**3,843,125**	**$ 10,144**

(1) On September 5, 2023, the Company announced that its Board of Directors authorized the repurchase of up to 5%, or 10,486,951, of its Subordinate Voting Shares, over a 12-month period at a cost of up to $50,000 thousand. Through December 31, 2023, the Company purchased a total of 3,843,125 Subordinate Voting Shares at an average price of $10.37 per share. On February 28, 2024, the Company's Board of Directors authorized an increase in its share repurchase program by $50,000 thousand, bringing the total remaining repurchase ability to approximately $60,000 thousand.

ITEM 6. RESERVED

Reserved.

ITEM 7. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following information should be read in conjunction with the consolidated financial statements and related notes thereto included in this Annual Report on Form 10-K.

In addition to historical information, this report contains forward-looking statements that involve risks and uncertainties which may cause our actual results to differ materially from plans and results discussed in forward-looking statements. We encourage you to review the risks and uncertainties discussed in the sections entitled Item 1A. "Risk Factors" and "Disclosure Regarding Forward-Looking Statements" included at the beginning of this Annual Report on Form 10-K. The risks and uncertainties can cause actual results to differ significantly from those forecast in forward-looking statements or implied in historical results and trends.

We caution readers not to place undue reliance on any forward-looking statements made by us, which speak only as of the date they are made. We disclaim any obligation, except as specifically required by law and the rules of the U.S. Securities and Exchange Commission (the "SEC"), to publicly update or revise any such statements to reflect any change in our expectations or in events, conditions or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements.

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 years ended December 31, 2023, 2022 and 2021. It is supplemental to, and should be read in conjunction with, the Company's consolidated financial statements for the years ended December 31, 2023, 2022 and 2021 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 of America ("GAAP"). Financial information presented in this MD&A is presented in thousands of 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 "Cautionary Note Regarding Forward-Looking Information," identified in the ''Risks and Uncertainties'' section of this MD&A. 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, 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 December 31, 2023, Green Thumb has operations in fourteen U.S. markets, employs approximately 4,600 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 twenty manufacturing facilities. This portfolio consists of cannabis product categories, including flower, pre-rolls, concentrates, vape, capsules, tinctures, edibles, topicals and other cannabis-related products across a range of stock keeping units ("SKUs") (none of which are individually material to the Company).

Green Thumb owns and operates a national cannabis retail chain called RISE Dispensaries 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. 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 Dispensaries currently are located in fourteen of the states in which we operate. As of December 31, 2023, the Company had 91 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 subject to the Company's capital allocation plans as described above and under the heading "Liquidity, Financing Activities During the Period, and Capital Resources" below.

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) consolidated statements of operations for the years ended December 31, 2023, 2022, 2021 and (ii) consolidated balance sheet as of December 31, 2023 and 2022 have been derived from, and should be read in conjunction with the consolidated financial statements and accompanying notes presented in Item 8 of this Annual Report on Form 10-K.

The Company's consolidated financial statements have been prepared in accordance with U.S. 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. Amounts have been presented in thousands of U.S. dollars except for share and per share amounts.

	Years Ended December 31,			2023 vs. 2022		2022 vs. 2021	
	2023	2022	2021	$	%	$	%
	(in thousands, except share and per share amounts)			Increase (Decrease)			
Revenues, Net of Discounts	$ 1,054,553	$ 1,017,375	$ 893,560	$ 37,178	4%	$ 123,815	14%
Cost of Goods Sold, Net	(528,058)	(513,412)	(401,631)	14,646	3%	111,781	28%
Gross Profit	526,495	503,963	491,929	22,532	4%	12,034	2%
Expenses:							
Selling, General, and Administrative	341,863	294,396	277,087	47,467	16%	17,309	6%
Impairment of Goodwill and Intangible Assets	—	88,503	—	(88,503)	(100)%	88,503	0%
Total Expenses	341,863	382,899	277,087	(41,036)	(11)%	105,812	38%
Income From Operations	184,632	121,064	214,842	63,568	53%	(93,778)	(44)%
Total Other Expense	(28,583)	(12,632)	(9,867)	15,951	126%	2,765	28%
Income Before Provision for Income Taxes And Non-Controlling Interest	156,049	108,432	204,975	47,617	44%	(96,543)	(47)%
Provision for Income Taxes	118,630	94,777	124,612	23,853	25%	(29,835)	(24)%
Net Income Before Non-Controlling Interest	37,419	13,655	80,363	23,764	174%	(66,708)	(83)%
Net Income Attributable to Non-Controlling Interest	1,152	1,677	4,927	(525)	(31)%	(3,250)	(66)%
Net Income Attributable To Green Thumb Industries Inc.	$ 36,267	$ 11,978	$ 75,436	$ 24,289	203%	$ (63,458)	(84)%
Net Income Per Share - Basic	$ 0.15	$ 0.05	$ 0.34	$ 0.10	200%	$ (0.29)	(85)%
Net Income Per Share - Diluted	$ 0.15	$ 0.05	$ 0.33	$ 0.10	200%	$ (0.28)	(85)%
Weighted Average Number of Shares Outstanding – Basic	237,927,867	236,713,056	223,192,326				
Weighted Average Number of Shares Outstanding – Diluted	239,827,390	238,080,030	226,758,882				

	December 31, 2023	December 31, 2022
	(in thousands)	
Total Assets	$ 2,490,057	$ 2,433,528
Long-Term Liabilities	$ 660,751	$ 621,525

Revenue Streams

The Company has consolidated financial statements across its operating businesses with revenue from the manufacture, sale and distribution of branded cannabis products to third-party retail customers as well as the sale of finished products to consumers in its retail stores.

Year Ended December 31, 2023 Compared to the Year Ended December 31, 2022

Revenues, Net of Discounts

Revenue for the year ended December 31, 2023 was $1,054,553 thousand, up 4% from $1,017,375 thousand for the year ended December 31, 2022. The increase in revenue was largely due to legalization of adult-use sales in New Jersey that began on April 21, 2022, Rhode Island that began on December 1, 2022, Connecticut that began on January 10, 2023 and Maryland that began on July 1, 2023, continued growth in existing markets, as well as revenue generated from new retail stores opened in the current period, partially offset by price compression.

The Company generated revenue from 91 Retail locations during the year compared to 77 in the prior year. During the year ended December 31, 2023, Retail revenue made up 75% of total revenue as compared to 75% of total revenue in 2022. Since December 31, 2022, the Company opened seven new Retail locations in Florida, two in Nevada, two in Virginia, two in Pennsylvania, one in Minnesota, and one in New York that contributed to the increase in Retail revenues. The Company also disposed of one Retail store in Massachusetts.

The key drivers for the increase in Consumer Packaged Goods revenues was the launch of adult-use sales in New Jersey, Connecticut, and Maryland, as described above as well as continued growth in existing markets partially offset by price compression. Consumer Packaged Goods revenue made up 25% of total revenues in 2023 and 2022.

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 year ended December 31, 2023 was $528,058 thousand, up 3% from $513,412 thousand for the year ended December 31, 2022, driven by increased volume from open and operating retail stores, new retail store openings in Florida, Nevada, Virginia, Pennsylvania, Minnesota and New York, and legalization of adult-use sales in New Jersey, Rhode Island, Connecticut, and Maryland.

Gross Profit

Gross profit for the year ended December 31, 2023 was $526,495 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 year ended December 31, 2022 of $503,963 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 year ended December 31, 2023 were $341,863 thousand or 32% of revenues, net of discounts, resulting in a decrease of $41,036 thousand compared to the prior year. Total expenses for the year ended December 31, 2022 were $382,899 thousand or 38% of revenues, net of discounts. The decrease in total expenses was primarily due to the impairment charges of $88,503 thousand associated with the Company's goodwill and intangible assets, partially offset by the impact of acquisition related non-cash credits, both recorded during the year ended December 31, 2022. The net decrease was partially offset by an increase in expense attributable to retail salaries and benefits, depreciation expense and other operational and facility expenses mainly as a result of the launch of adult-use sales in New Jersey, Rhode Island, Connecticut and Maryland, as well as the additional stores opened during 2023.

Total Other Income (Expense)

Total other income (expense) for the year ended December 31, 2023 was $(28,583) thousand, a change of $15,951 thousand, primarily due to fair value adjustments on the Company's equity investments.

Income Before Provision for Income Taxes and Non-Controlling Interest

Income before provision for income taxes and non-controlling interest for the year ended December 31, 2023 was $156,049 thousand, an increase of $47,617 thousand compared to the year ended December 31, 2022.

As presented under the heading “Non-GAAP Measures” below, after adjusting for non-cash equity incentive compensation of $28,189 thousand and $27,140 thousand, other non-operating items of $12,228 thousand and $(21,893) thousand, and impairment of goodwill and intangible assets of $0 thousand and $88,503 thousand, Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization (“Adjusted EBITDA”) was $325,839 thousand and $311,478 thousand for the years ended December 31, 2023 and 2022, 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 year ended December 31, 2023, federal and state income tax expense totaled $118,630 thousand compared to expense of $94,777 thousand for the year ended December 31, 2022.

The net expense of $118,630 thousand for the year ended December 31, 2023 includes current tax expense of $133,073 thousand and deferred tax expense of $(14,443) thousand in the current period.

Year Ended December 31, 2022 Compared to the Year Ended December 31, 2021

Revenues, Net of Discounts

Revenue for the year ended December 31, 2022 was $1,017,375 thousand, up 14% from $893,560 thousand for the year ended December 31, 2021, driven by contributions from both Retail and Consumer Packaged Goods, largely due to continued growth in New Jersey, Illinois, Minnesota and Virginia. Key performance drivers for the Retail revenues in 2022 were: legalization of adult-use sales in New Jersey, which began on April 21, 2022, increased store traffic to Green Thumb's open and operating retail stores, particularly in Illinois, and new store openings including acquired stores, particularly in Minnesota, Massachusetts, Virginia, Rhode Island and Maryland. The Company generated revenue from 77 Retail locations during the year compared to 73 in the prior year. During the year ended December 31, 2022, Retail revenue made up 75% of total revenue as compared to 69% of total revenue in 2021. Since December 31, 2021, the Company acquired one retail store in Illinois, opened two new Retail locations in Virginia and one in 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. Consumer Packaged Goods revenue made up 25% of total revenues in 2022 as compared to 31% in 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 year ended December 31, 2022 was $513,412 thousand, up 28% from $401,631 thousand for the year ended December 31, 2021, driven by increased volume from open and operating retail stores, new and acquired retail store openings in Illinois, Minnesota and Virginia, legalization of adult-use sales in New Jersey, and expansion of the consumer products sales primarily in New Jersey and Illinois as described above.

Gross Profit

Gross profit for the year ended December 31, 2022 was $503,963 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 year ended December 31, 2021 of $491,929 thousand or a 55% gross margin. The increase in gross profit (dollars) was directly attributable to the revenue increase as described above. The decline in gross margin (percent) was primarily driven by price compression.

Total Expenses

Total expenses for the year ended December 31, 2022 were $382,899 thousand or 38% of revenues, net of discounts, resulting in an increase of $105,812 thousand. Total expenses for the year ended December 31, 2021 were $277,087 thousand or 31% of revenues, net of discounts. The increase in total expenses was primarily due to an impairment charge to goodwill of $57,372 thousand and an impairment charge associated with the Company's tradename intangible assets of $31,131 thousand. The remaining increase is attributable to retail salaries and benefits, stock-based compensation expense, depreciation expense and other operational and facility expenses mainly as a result of the Company's addition of three new and one acquired Retail store during 2022 as well as the five retail stores associated with LeafLine Industries, LLC, which were acquired on December 30, 2021. In addition, an increase in intangible amortization expense and corporate staff salaries also 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. The reduction in expenses as a percentage of revenue was attributable to measures deployed to control variable expenses as well as inherent operating leverage caused by the significant increase in revenue.

Total Other Income (Expense)

Total other income (expense) for the year ended December 31, 2022 was $(12,632) thousand, a change of $2,765 thousand, primarily due to fair value adjustments on the Company's equity investments, partially offset by favorable fair value adjustments on the Company's warrant liability.

Income Before Provision for Income Taxes and Non-Controlling Interest

Income before provision for income taxes and non-controlling interest for the year ended December 31, 2022 was $108,432 thousand, a decrease of $96,543 thousand compared to the year ended December 31, 2021.

As presented under the heading "Non-GAAP Measures" below, after adjusting for non-cash equity incentive compensation of $27,140 thousand and $19,600 thousand, as well as other nonoperating items of $(21,893) thousand and $4,934 thousand, and impairment of goodwill and intangible assets of $88,503 thousand and $0 thousand, Adjusted EBITDA was $311,478 thousand and $307,834 thousand for the years ended December 31, 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 year ended December 31, 2022, federal and state income tax expense totaled $94,777 thousand compared to expense of $124,612 thousand for the year ended December 31, 2021.

The net expense of $94,777 thousand for the year ended December 31, 2022 includes current tax expense of $142,861 thousand and deferred tax benefit of $(48,084) thousand in the current period.

Year Ended December 31, 2021 Compared with Year Ended December 31, 2020

Revenues, Net of Discounts

Revenue for the year ended December 31, 2021 was $893,560 thousand, up 61% from $556,573 thousand for the year ended December 31, 2020, driven by contributions from both Retail and Consumer Packaged Goods, largely due to continued growth in Illinois and Pennsylvania. Key performance drivers for the Retail revenues in 2021 were: increased store traffic to Green Thumb's open and operating retail stores, particularly in Illinois and Pennsylvania, and new store openings including acquired stores, particularly in Massachusetts, Virginia, Rhode Island and Maryland. The Company generated revenue from 73 Retail locations during the year compared to 51 in the prior year. During the year ended December 31, 2021, Retail revenue made up 69% of total revenue as compared to 71% in 2020. Since December 31, 2020, the Company acquired one retail store in Maryland, four in Massachusetts, one in Rhode Island, one in Virginia and five in Minnesota and opened ten new Retail locations in Pennsylvania, Illinois, Massachusetts, California, New Jersey, Nevada and Virginia that contributed to the increase in Retail revenues.

The key driver for the Consumer Packaged Goods increase in revenues was the sale of Green Thumb's branded product portfolio to third-party retailers through the Company's existing Consumer Packaged Goods cultivation and processing facilities in Illinois, Pennsylvania, Massachusetts, Maryland, Nevada, New Jersey, Ohio and Connecticut due to increased scale and efficiency. The Company also acquired cultivation and processing facilities in Massachusetts, Minnesota, Rhode Island and Virginia during the year ended December 31, 2021. Consumer Packaged Goods revenue made up 31% of total revenues in 2021 as compared to 29% in 2020.

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 year ended December 31, 2021 was $401,631 thousand, up 59% from $252,404 thousand for the year ended December 31, 2020, driven by increased volume in open and operating retail stores; new and acquired retail store openings in Massachusetts, Virginia, Rhode Island, New Jersey and Pennsylvania and expansion of the consumer products sales primarily in Illinois, Pennsylvania, Massachusetts and New Jersey as described above.

Gross Profit

Gross profit for the year ended December 31, 2021 was $491,929 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 55%. This is compared to gross profit for the year ended December 31, 2020 of $304,169 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 year ended December 31, 2021 were $277,087 thousand or 31% of revenues, net of discounts, resulting in an increase of $79,025 thousand. Total expenses for the year ended December 31, 2020 were $198,062 thousand or 36% 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 ten new and twelve 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. The reduction in expenses as a percentage of revenue was attributable to measures deployed to control variable expenses as well as inherent operating leverage caused by the significant increase in revenue.

Total Other Income (Expense)

Total other income (expense) for the year ended December 31, 2021 was $(9,867) thousand, a change of $6,691 thousand, primarily due to an increase in interest expense on the Company's April 30, 2021 Notes and interest on contingent consideration associated with 2021 acquisitions.

Income Before Provision for Income Taxes and Non-Controlling Interest

Income before provision for income taxes and non-controlling interest for the year ended December 31,2021 was $204,975 thousand, an increase of $102,044 thousand compared to the year ended December 31, 2020.

As presented under the heading "Non-GAAP Measures" below, after adjusting for non-cash equity incentive compensation of $19,600 thousand and $19,337 thousand, as well as other nonoperating items of $4,934 thousand and $1,635 thousand, Adjusted EBITDA was $307,834 thousand and $179,585 thousand for the years ended December 31, 2021 and 2020, 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 year ended December 31, 2021, federal and state income tax expense totaled $124,612 thousand compared to expense of $83,853 thousand for the year ended December 31, 2020.

The net expense of $124,612 thousand for the year ended December 31, 2021 includes current tax expense of $132,151 thousand and deferred tax benefit of $(7,539) thousand in the current period.

Results of Operation by Segment

The following table summarizes revenues net of sales discounts by segment for the years ended December 31, 2023, 2022 and 2021:

	For the Years Ended December 31,			2023 vs. 2022		2022 vs. 2021	
	2023	2022	2021	$ Change	% Change	$ Change	% Change
		(in thousands)		Increase (Decrease)			
Retail	$ 791,480	$ 763,166	$ 614,739	$ 28,314	4%	$ 148,427	24%
Consumer Packaged Goods	559,480	495,101	467,258	64,379	13%	27,843	6%
Intersegment Eliminations	(296,407)	(240,892)	(188,437)	55,515	23%	52,455	28%
Total Revenues, Net of Discounts	**$ 1,054,553**	**$ 1,017,375**	**$ 893,560**	**$ 37,178**	**4%**	**$ 123,815**	**14%**

Year Ended December 31, 2023 Compared with the Year Ended December 31, 2022

Revenues, net of discounts, for the Retail segment were $791,480 thousand, an increase of $28,314 thousand or 4%, compared to the year ended December 31, 2022. The increase in revenue was largely due to legalization of adult-use sales in New Jersey, which began on April 21, 2022, Rhode Island which began on December 1, 2022, Connecticut, which began on January 10, 2023, and Maryland, which began on July 1, 2023, 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 $559,480 thousand, an increase of $64,379 thousand or 13%, compared to the year ended December 31, 2022. The increase in revenue was largely due to legalization of adult-use sales in New Jersey, Connecticut and Maryland as discussed above, partially offset by price compression.

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.

Year Ended December 31, 2022 Compared with the Year Ended December 31, 2021

Revenues, net of discounts, for the Retail segment were $763,166 thousand for the year ended December 31, 2022, an increase of $148,427 thousand or 24%, compared to the year ended December 31, 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, increased store traffic to Green Thumb’s open and operating retail stores, particularly in Illinois, and new store openings including acquired stores, particularly in Minnesota, Virginia and Illinois.

Revenues, net of discounts, for the Consumer Packaged Goods segment were $495,101 thousand for the year ended December 31, 2022, an increase of $27,843 thousand or 6%, compared to the year ended December 31, 2021. The increase in Consumer Packaged Goods revenues, net of discounts, was primarily driven by legalization of adult-use sales in New Jersey, which began on April 21, 2022 and continued growth in Illinois and Minnesota.

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.

Year Ended December 31, 2021 Compared with the Year Ended December 31, 2020

Revenues, net of discounts, for the Retail segment were $614,739 thousand for the year ended December 31, 2021, an increase of $218,367 thousand or 55%, compared to the year ended December 31, 2020. The increase in Retail revenues, net of discounts, was primarily driven by increased store traffic to Green Thumb’s open and operating retail stores, particularly in Illinois and Pennsylvania, as well as acquired stores in Massachusetts, Virginia, Rhode Island and Maryland.

Revenues, net of discounts, for the Consumer Packaged Goods segment were $467,258 thousand for the year ended December 31, 2021, an increase of $193,281 thousand or 71%, compared to the year ended December 31, 2020. The increase in Consumer Packaged Goods revenues, net of discounts, was primarily driven by increased sales volume in established markets such as Illinois, Pennsylvania, Massachusetts and New Jersey.

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, Doctor Solomon's, Good Green incredibles, and RYTHM, primarily to third-party retail customers; and a Retail business in which it sells finished goods sourced 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 year ended December 31, 2023, revenue was contributed from Consumer Packaged Goods and Retail sales across California, 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 year ended December 31, 2023, 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 higher 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, 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 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 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.

	Years Ended December 31,		
	2023	2022	2021
		(in thousands)	
Net Income Before Non-Controlling Interest	$ 37,419	$ 13,655	$ 80,363
Interest Income, net	(6,697)	(4,070)	(1,432)
Interest Expense, net	19,073	21,201	21,976
Provision for Income Taxes	118,630	94,777	124,612
Total Other (Income) Expense	16,207	(4,499)	(10,677)
Depreciation and Amortization	100,790	96,664	68,458
Earnings before interest, taxes, depreciation and amortization (EBITDA) (non-GAAP measure)	**$ 285,422**	**$ 217,728**	**$ 283,300**
Goodwill Impairment Charges	—	57,372	—
Write-off of Trade Names	—	31,131	—
Stock-based Compensation, Non-cash	28,189	27,140	19,600
Acquisition, Transaction and Other Non-operating (Income) Costs	12,228	(21,893)	4,934
Adjusted EBITDA (Non-GAAP Measure)	**$ 325,839**	**$ 311,478**	**$ 307,834**

Liquidity, Financing and Capital Resources

As of December 31, 2023 and 2022, the Company had total current liabilities of $126,050 thousand and $146,571 thousand, respectively, and cash and cash equivalents of $161,634 thousand and $177,682 thousand, respectively, to meet its current obligations. The Company had working capital of $216,712 thousand as of December 31, 2023, an increase of $11,932 thousand as compared to December 31, 2022. This increase in working capital was primarily driven by the decrease in accrued liabilities associated with ongoing construction projects during 2022 that were completed in 2023, as well as a decrease in contingent consideration payable.

The Company generates cash from its operations and deploys its capital reserves to acquire and develop assets capable of producing additional revenues and earnings over both the immediate and near term. Capital reserves are primarily being utilized for capital expenditures, facility improvements, strategic investment opportunities, product research, design, development and marketing, as well as customer, supplier, and investor and industry relations.

Cash Flows

Cash Provided by (Used in) Operating Activities, Investing and Financing Activities

Net cash provided by (used in) operating, investing and financing activities for the years ended December 31, 2023, 2022, and 2021, were as follows:

	Years Ended December 31,		
	2023	2022	2021
		(in thousands)	
Net Cash Provided by Operating Activities	$ 224,968	$ 158,564	$ 132,048
Net Cash Used in Investing Activities	$ (227,908)	$ (219,946)	$ (280,730)
Net Cash (Used in) Provided by Financing Activities	$ (13,108)	$ 8,644	$ 295,344

Contractual Cash Obligations and Other Commitments and Contingencies

The following table quantifies the Company’s future contractual obligations as of December 31, 2023:

	Total	2024	2025	2026	2027	2028	2029 and Thereafter
				(in thousands)			
Notes Payable[a]	$ 224,435	$ —	$ 224,435	$ —	$ —	$ —	$ —
Charitable Contributions	351	351	—	—	—	—	—
Mortgage Payable[b]	87,217	2,643	4,268	3,012	3,241	15,197	58,856
Interest Due on Notes Payable	20,875	15,710	5,165	—	—	—	—
Interest Due on Mortgage Payable	46,973	6,289	6,165	5,866	5,637	5,407	17,609
Operating Leases - Third-Party[c]	527,424	43,633	41,845	41,073	41,420	40,863	318,590
Operating Leases - Related Parties[c]	3,215	437	343	350	357	364	1,364
Contingent Consideration	33,250	—	33,250	—	—	—	—
Construction Commitments	7,200	7,200	—	—	—	—	—
Total as of December 31, 2023	**$ 950,940**	**$ 76,263**	**$ 315,471**	**$ 50,301**	**$ 50,655**	**$ 61,831**	**$ 396,419**

(a) - This amount excludes $2,755 thousand of unamortized debt discount as of December 31, 2023. See Note 8—Notes Payable for details.
(b) - This amount excludes $725 thousand of unamortized debt discount as of December 31, 2023. See Note 8—Notes Payable for details.
(c) - These amounts include a total of $268,878 thousand of imputed interest as of December 31, 2023 See Note 7—Leases for details.

(a) 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. The following is an update to the status of previously disclosed matters as of December 31, 2023:

> Cresco Labs New York, LLC and Cresco Labs LLC (“Plaintiffs”) filed an amended complaint (the “Complaint”) against one of the Company’s subsidiaries, Fiorello Pharmaceuticals, Inc. (“Defendant”) on November 20, 2018, in the Supreme Court of the State of New York, alleging Defendant breached the parties’ Equity Purchase Agreement Letter of Intent relating to the acquisition of Defendant by Plaintiffs. On October 18, 2023, all pending motions were withdrawn and Plaintiffs' claims were dismissed with prejudice. Accordingly, the Company reduced its loss contingency associated with the Complaint from $900 thousand as of December 31, 2022 to $0 at December 31, 2023.

At December 31, 2023 and 2022, other than as discussed above, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company’s consolidated operations. There are 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.

Off-Balance Sheet Arrangements

As of December 31, 2023 and 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

See discussion under Part II, Item 8, Notes to Consolidated Financial Statements, Note 2 – Significant Accounting Policies.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

Estimated Useful Lives and Amortization of Intangible Assets

Amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they may be impaired.

Business Combinations

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition.

In determining the fair value of all identifiable assets, liabilities and contingent liabilities acquired, the most significant estimates relate to contingent consideration and intangible assets. Management exercises judgment in estimating the probability and timing of when earn-outs are expected to be achieved, which is used as the basis for estimating fair value. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows.

Cannabis licenses are the primary intangible asset acquired in business combinations as they provide the Company the ability to operate in each market. However, some cannabis licenses are subject to renewal and therefore there is some risk of non-renewal for several reasons, including operational, regulatory, legal or economic. To appropriately consider the risk of non-renewal, the Company applies probability weighting to the expected future net cash flows in calculating the fair value of these intangible assets. The key assumptions used in these cash flow projections include discount rates and terminal growth rates. Of the key assumptions used, the impact of the estimated fair value of the intangible assets have the greatest sensitivity to the estimated discount rate used in the valuation. Other significant assumptions include revenue, gross profit, operating expenses and anticipated capital expenditures which are based upon the Corporation's historical operations along with management projections.

The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

Inventories

The net realizable value of inventories represents the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. The determination of net realizable value requires significant judgment, including consideration of factors such as shrinkage, the aging of and future demand for inventory, expected future selling price the Company expects to realize by selling the inventory and the contractual arrangements with customers. Reserves for excess and obsolete inventory are based upon quantities on hand, projected volumes from demand forecasts and net realizable value. The estimates are judgmental in nature and are made at a point in time, using available information, expected business plans and expected market conditions. As a result, the actual amount received on sale could differ from the estimated value of inventory. Periodic reviews are performed on the inventory balance. The impact of changes in inventory reserves is reflected in cost of goods sold.

Investments in Private Holdings

Investments include private company investments which are carried at fair value based on the value of the Company's interests in the private companies determined from financial information provided by management of the companies, which may include operating results, subsequent rounds of financing and other appropriate information. Any change in fair value is recognized on the consolidated statement of operations.

Goodwill Impairment

The Company applies the guidance in Financial Accounting Standards Board ("FASB") *Accounting Standards Update,* ("*ASU*") *2011-08 Intangibles-Goodwill and Other-Testing Goodwill for Impairment*, which provides entities with an option to perform a qualitative assessment (commonly referred to as "Step Zero") to determine whether further quantitative analysis for impairment of goodwill is necessary. In performing Step Zero for the Company's goodwill impairment test, the Company is required to make assumptions and judgments including but not limited to the following: the evaluation of macroeconomic conditions as related to the Company's business, industry and market trends, and the overall future financial performance of its reporting units and future opportunities in the markets in which they operate. If impairment indicators are present after performing Step Zero, the Company would perform a quantitative impairment analysis to estimate the fair value of goodwill.

Determination of Reporting Units

The Company's assets are aggregated into two reportable segments (Retail and Consumer Packaged Goods). Prior to October 1, 2022, the Company had 30 reporting units for the purposes of testing goodwill. Management evaluated its existing reporting units under the accounting guidance provided in Accounting Standards Codification ("ASC") *280 Segment Reporting,* and determined that the individual components within each respective segment were economically similar and thus, aggregation of those components into two reporting units that align with our reportable segments, was applied. Subsequent to October 1, 2022, the Company aggregated each of the components into two reporting units (Retail and Consumer Packaged Goods).

As part of the Company's aggregation of the 30 reporting units that existed prior to October 1, 2022, the accounting guidance required the reporting units be tested for impairment through a Step 1 quantitative analysis.

The analysis performed included estimating the fair value of each reporting unit using both the income and market approaches. The income approach required management to estimate a number of factors for each reporting unit, including projected future operating results, economic projections, anticipated future cash flows, discount rates, the allocation of shared or corporate costs and the eventual repeal of 280E. The market approach estimates fair value using comparable marketplace fair value data from within a comparable industry grouping.

The determination of fair value in the quantitative assessment required the Company to make significant estimates and assumptions. These estimates and assumptions primarily included, but were not limited to: the discount rate; terminal growth rates; and forecasts of revenue, operating income, depreciation and amortization and capital expenditures.

As a result of the Company's October 1, 2022 goodwill impairment analysis, the Company determined two of the reporting units were impaired. Management continues to assess whether events or circumstances have occurred that would require additional consideration as part of the Company's goodwill impairment analysis. As of October 1, 2023, no such events or circumstances were present. See Note 5—Intangible Assets and Goodwill for additional detail.

Consolidation

Judgment is applied in assessing whether the Company exercises control and has significant influence over entities in which the Company directly or indirectly owns an interest. The Company has control when it has the power over the subsidiary, has exposure or rights to variable returns and has the ability to use its power to affect the returns. Significant influence is defined as the power to participate in the financial and operating decisions of the subsidiaries. Where the Company is determined to have control, these entities are consolidated. Additionally, judgment is applied in determining the effective date on which control was obtained.

Allowance for Uncollectible Accounts

Management determines the allowance for uncollectible accounts by evaluating individual receivable balances and considering accounts and other receivable financial condition and current economic conditions. Accounts receivable and financial assets recorded in other receivables are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. All receivables are expected to be collected within one year of the balance sheet date.

Stock-Based Payments

Valuation of stock-based compensation and warrants requires management to make estimates regarding the inputs for option pricing models, such as the expected life of the option, the volatility of the Company's stock price, the vesting period of the option and the risk-free interest rate are used. Actual results could differ from those estimates. The estimates are considered for each new grant of stock options or warrants.

Fair Value of Financial Instruments

The individual fair values attributed to the different components of a financing transaction, derivative financial instruments, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

Financial Instruments and Financial Risk Management

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, notes payable, warrant liability and contingent consideration payable.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2—Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3—Inputs for the asset or liability that are not based on observable market data.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company's Board of Directors (the "Board") mitigates these risks by assessing, monitoring and approving the Company's risk management processes.

Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company does not have significant credit risk with respect to its customers.

The Company provides credit to its customers in the normal course of business. The Company has established credit evaluation and monitoring processes to mitigate credit risk but has limited risk as the majority of its sales are paid at the time of sale.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the effective management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity at all times to settle obligations and liabilities when due.

Market Risk

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign exchange, raw material and other commodity prices.

Currency Risk. The operating results and financial position of the Company are reported in U.S. dollars. Some of the Company's financial transactions are denominated in currencies other than the U.S. dollar. The results of the Company's operations are subject to currency transaction risks. The Company has no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Interest Rate Risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Company's financial debts have fixed rates of interest and therefore expose the Company to a limited interest rate fair value risk.

Commodities Price Risk. Commodities Price risk is the risk of variability in fair value due to movements in equity or market prices. The primary raw materials used by the Company aside from those cultivated internally are labels and packaging. Management believes a hypothetical 10% change in the price of these materials would not have a significant effect on the Company's consolidated annual results of operations or cash flows, as these costs are generally passed through to its customers. However, such an increase could have an impact on our customers' demand for our products, and we are not able to quantify the impact of such potential change in demand on our combined annual results of operations or cash flows.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The financial information required by Item 8 is located beginning on page F-1 of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company maintains "disclosure controls and procedures" as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. The Company recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives. Management, including the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(b) and Rule 15d-15(e) of the Exchange Act) as of December 31, 2023. Accordingly, as of December 31, 2023, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of such date.

Management's Report on Internal Controls Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act). Management, including the Chief Executive Officer and Chief Financial Officer, conducted an assessment of the effectiveness of our internal control over financial reporting based on the criteria established in "Internal Control - Integrated Framework" (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on its assessment, management believes that, as of December 31, 2023, our internal control over financial reporting was effective based on those criteria.

Our disclosure controls and procedures and internal controls over financial reporting are designed to provide reasonable assurance of achieving their objectives as specified above. Management does not expect, however, that our disclosure controls and procedures and internal controls over financial reporting will prevent or detect all error and fraud. Any control system, no matter how well designed and operated, is based upon certain assumptions and can provide only reasonable, not absolute, assurance that its objectives will be met. Further, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2023, has been audited by our independent registered public accounting firm, as stated in their attestation report which is included in this Annual Report on Form 10-K.

Changes in Internal Control Over Financial Reporting

During the last fiscal quarter of the period covered by this report, there were no changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, such controls.

ITEM 9B. OTHER INFORMATION

(b.) Rule 1065-1 Trading Plans. During the three months ended December 31, 2023, none of the Company's directors or Section 16 officers adopted or terminated a "Rule 1065-1 trading arrangement" or a "non-Rule 1065-1 trading arrangement", as each term is defined in the Item 408(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Except for the information about our Code of Conduct below, the information required by this Item regarding directors and executive officers will be included in the 2024 Proxy Statement for the Company's 2024 Annual General Meeting of Shareholders (the "2024 Proxy Statement") to be filed pursuant to Regulation 14A within 120 days after the end of the fiscal year to which this report relates and which sections are incorporated herein by reference.

We have adopted a Code Ethical Business Conduct ("Code of Conduct") that applies to all of our directors and employees, including our chief executive officer, chief financial officer, chief accounting officer and other persons performing similar functions as well as our other executive officers. We have posted a copy of our Code of Conduct on our website at https://www.gtigrows.com/. We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding amendments to, or waivers from, the Code of Conduct by posting such information on the "Investors – Leadership & Governance" section of our website at https://www.gtigrows.com/. We are not including the information contained on our website as part of, or incorporating it by reference into, this report.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item will be set forth under the caption "Executive Compensation" in the 2024 Proxy Statement and which sections are incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information regarding security ownership of certain beneficial owners and management will be included in the 2024 Proxy Statement under the caption "Security Ownership of Certain Beneficial Owners and Management" and which sections are incorporated herein by reference.

Equity Compensation Plans

Information regarding equity compensation plans will be included in the 2024 Proxy Statement under the caption "Security Based Compensation Arrangements" and which sections are incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, DIRECTOR INDEPENDENCE

Information regarding certain relationships and related transactions and director independence will be included in the 2024 Proxy Statement under the caption "Certain Relationships, Related Party Transactions and Policy Regarding Related Party Transactions" and which sections are incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information regarding principal accounting fees and services will be included in the 2024 Proxy Statement under the caption "Principal Audit Fees and Services" and which sections are incorporated herein by reference.

ITEM 15 . EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements

The financial statements listed in the accompanying index (page F-1) to the financial statements are filed as part of this Annual Report on Form 10-K.

(b) Exhibits
The exhibits listed on the accompanying index (page E-1) are filed as part of this Annual Report on Form 10-K.

(c) Financial Statements Schedules omitted

Certain schedules have been omitted because the required information is included in the consolidated financial statements and notes thereto or because they are not applicable or not required.

(a). INDEX TO FINANCIAL STATEMENTS

(b). EXHIBITS

A list of exhibits filed with this Annual Report on Form 10-K is included in the Exhibit Index on page E-1.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

EXHIBIT INDEX

3.1#	Amended and Restated Articles of Green Thumb Industries Inc.
4.1#	Coattail Agreement, dated June 12, 2018, by and among the Shareholders, Green Thumb Industries Inc. and Odyssey Trust Company.
4.2	Description of Securities
10.1#	Business Combination Agreement, dated June 12, 2018, by and among Bayswater Uranium Corporation, VCP23, LLC, GTI Finco Inc., 1165318 B.C. Ltd. and GTI23, Inc.
10.2*^	Second Amendment to the Note Purchase Agreement, dated April 30, 2021, by and among the Issuers, the Purchasers and the Agents.
10.3#%	Green Thumb Industries Inc. 2018 Stock and Incentive Plan, dated June 11, 2018.
10.4#%	Amendment No. 1 to the Green Thumb Industries Inc. 2018 Stock and Incentive Plan, dated August 30, 2019.
10.5@%	Amendment No. 2 to the Green Thumb Industries Inc. 2018 Stock and Incentive Plan, dated April 7, 2023.
10.6≠%	Form of Notice of Option Grant (awards granted prior to April 2023).
10.7≠%	Form of Option Agreement (awards granted prior to April 2023).
10.8≠%	Form of Notice of RSU Grant and Agreement (awards granted prior to April 2023).
10.9+%	Form of Indemnification Agreement.
10.10≠%	Form of Annual Bonus Plan
10.11≠%	Form of Executive Confidentiality, Non-Compete, Non-Solicitation, Non-Disparagement and Invention Assignment Agreement (Kovler and Georgiadis).
10.12≠%	Kravitz Confidentiality, Non-Compete, Non-Solicitation and Invention Assignment Agreement.
10.13≠%	Faulkner Executive Confidentiality, Non-Compete, Non-Solicitation and Invention Assignment Agreement.
10.14@%	2023 Form of Option Grant Agreement (awards granted beginning in April 2023)
10.15@%	2023 Form of RSU Agreement (awards granted beginning in April 2023)
21.1	List of Significant Subsidiaries of Green Thumb Industries Inc.
23.1	Consent of Independent Registered Public Accounting Firm (Baker Tilly).
31.1	Certification of Chief Executive Officer required by Rule 13a-14(a) of the Exchange Act.
31.2	Certification of Chief Financial Officer required by Rule 13a-14(a) of the Exchange Act.
32.1	Certification of Chief Executive Officer pursuant to Section 1350 of Chapter 63 of the United States Code.
32.2	Certification of Chief Financial Officer pursuant to Section 1350 of Chapter 63 of the United States Code.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded with Inline XBRL File)

*	Certain confidential information has been excluded from this exhibit because it is both (i) not material and (ii) would be competitively harmful if publicly disclosed.
^	Incorporated by reference to our Current Report on Form 8-K dated April 30, 2021 filed on May 6, 2021.
#	Incorporated by reference to our registration statement on Form 10 filed on December 20, 2019.
+	Incorporated by reference to Exhibit 10.13 to our Annual Report on Form 10-K for the year ended December 31, 2021.
≠	Incorporated by reference to Exhibits to our Annual Report for the year ended December 31, 2022.
@	Incorporated by reference to the applicable exhibits to our Quarterly Report for the period ended March, 31, 2023.
%	This Exhibit is a management contract or compensatory arrangement.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GREEN THUMB INDUSTRIES INC.

/s/Benjamin Kovler

By: Benjamin Kovler
Title: Chief Executive Officer

Date: February 29, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacity and on the dates indicated.

Name and Signature	Title	Date
/s/Benjamin Kovler Benjamin Kovler	Chairman of the Board and Chief Executive Officer (*Principal Executive Officer*)	February 29, 2024
/s/Mathew Faulkner Mathew Faulkner	Chief Financial Officer (*Principal Financial Officer and Principal Accounting Officer*)	February 29, 2024
/s/Anthony Georgiadis Anthony Georgiadis	President and Director	February 29, 2024
/s/Wendy Berger Wendy Berger	Director	February 29, 2024
/s/Dawn Wilson Barnes Dawn Wilson Barnes	Director	February 29, 2024
/s/Jeff Goldman Jeff Goldman	Director	February 29, 2024
/s/Ethan Nadelmann Ethan Nadelmann	Director	February 29, 2024
/s/Richard Reisin Richard Reisin	Director	February 29, 2024
/s/Hannah (Buchan) Ross Hannah (Buchan) Ross	Director	February 29, 2024

Green Thumb Industries Inc.
Consolidated Balance Sheets
As of December 31, 2023 and December 31, 2022
(Amounts Expressed in Thousands of United States Dollars, Except Share Amounts)

	December 31, 2023	December 31, 2022
	(in thousands)	
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 161,634	$ 177,682
Accounts Receivable, Net	42,975	30,975
Income Tax Receivable	—	7,473
Inventories, Net	112,970	115,675
Prepaid Expenses	19,801	13,364
Other Current Assets	5,382	6,182
Total Current Assets	342,762	351,351
Property and Equipment, Net	687,106	557,873
Right of Use Assets, Net	238,369	242,357
Investments	64,361	74,169
Investments in Associates	24,942	25,508
Note Receivable	550	—
Intangible Assets, Net	538,678	589,519
Goodwill	589,691	589,691
Deferred Tax Assets	1,041	—
Deposits and Other Assets	2,557	3,060
TOTAL ASSETS	$ 2,490,057	$ 2,433,528
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Current Liabilities:		
Accounts Payable	$ 24,495	$ 18,423
Accrued Liabilities	59,552	86,971
Compensation Payable	16,005	13,476
Current Portion of Notes Payable	2,996	1,037
Current Portion of Lease Liabilities	12,297	10,906
Contingent Consideration Payable	—	11,400
Income Tax Payable	10,705	4,358
Total Current Liabilities	126,050	146,571
Long-Term Liabilities:		
Lease Liabilities, Net of Current Portion	249,464	249,281
Notes Payable, Net of Current Portion and Debt Discount	305,527	274,631
Contingent Consideration Payable	33,250	30,543
Warrant Liability	—	4,520
Deferred Income Taxes	72,510	62,550
TOTAL LIABILITIES	786,801	768,096
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY		
Subordinate Voting Shares (Shares Authorized, Issued and Outstanding at December 31, 2023: Unlimited, 209,871,792, and 209,871,792, respectively, at December 31, 2022: Unlimited, 206,991,275, and 206,991,275, respectively)	—	—
Multiple Voting Shares (Shares Authorized, Issued and Outstanding at December 31, 2023: Unlimited, 38,531 and 38,531, respectively, at December 31, 2022: Unlimited, 38,531 and 38,531, respectively)	—	—
Super Voting Shares (Shares Authorized, Issued and Outstanding at December 31, 2023: Unlimited, 216,690 and 216,690, respectively, at December 31, 2022: Unlimited, 251,690 and 251,690, respectively)	—	—
Share Capital	1,703,852	1,663,557
Contributed Surplus	7,871	23,233
Deferred Share Issuances	12,973	36,211
Accumulated Deficit	(21,818)	(58,085)
Equity of Green Thumb Industries Inc.	1,702,878	1,664,916
Noncontrolling interests	378	516
TOTAL SHAREHOLDERS' EQUITY	1,703,256	1,665,432
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,490,057	$ 2,433,528

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

Green Thumb Industries Inc.
Consolidated Statements of Operations
Years Ended December 31, 2023, 2022 and 2021
(Amounts Expressed in Thousands of United States Dollars, Except Share and Per Share Amounts)

	Years Ended December 31,		
	2023	**2022**	**2021**
		(in thousands)	
Revenues, Net of Discounts	$ 1,054,553	$ 1,017,375	$ 893,560
Cost of Goods Sold, Net	(528,058)	(513,412)	(401,631)
Gross Profit	526,495	503,963	491,929
Expenses:			
Selling, General, and Administrative	341,863	294,396	277,087
Impairment of Goodwill and Intangible Assets	—	88,503	—
Total Expenses	341,863	382,899	277,087
Income From Operations	184,632	121,064	214,842
Other Income (Expense):			
Other Income (Expense), Net	(16,207)	4,499	10,677
Interest Income, Net	6,697	4,070	1,432
Interest Expense, Net	(19,073)	(21,201)	(21,976)
Total Other Expense	(28,583)	(12,632)	(9,867)
Income Before Provision for Income Taxes And Non-Controlling Interest	156,049	108,432	204,975
Provision For Income Taxes	118,630	94,777	124,612
Net Income Before Non-Controlling Interest	37,419	13,655	80,363
Net Income Attributable to Non-Controlling Interest	1,152	1,677	4,927
Net Income Attributable To Green Thumb Industries Inc.	**$** 36,267	**$** 11,978	**$** 75,436
Net Income Per Share - Basic	**$** 0.15	**$** 0.05	**$** 0.34
Net Income Per Share - Diluted	**$** 0.15	**$** 0.05	**$** 0.33
Weighted Average Number of Shares Outstanding - Basic	237,927,867	236,713,056	223,192,326
Weighted average Number of Shares Outstanding - Diluted	239,827,390	238,080,030	226,758,882

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

Green Thumb Industries Inc.
Consolidated Statements of Changes in Shareholders' Equity
Years Ended December 31, 2023, 2022 and 2021
(Amounts Expressed in Thousands of United States Dollars)

	Share Capital	Contributed Surplus (Deficit)	Deferred Share Issuance	Accumulated Earnings (Deficit)	Non-Controlling Interest	Total
			(in thousands)			
Balance, January 1, 2021	$ 1,048,640	$ 4,893	$ 2,587	$ (145,499)	$ 3,537	$ 914,158
Issuance of shares for redemption of noncontrolling interest	4,070	(4,996)	—	—	926	—
Issuance of shares under business combinations and investments	343,281	22	—	—	—	343,303
Shares issued as contingent consideration	23,818	9,654	—	—	—	33,472
Issuance of deferred shares	—	—	37,565	—	—	37,565
Distribution of deferred shares	3,896	—	(3,890)	—	—	6
Issuance of registered shares pursuant to Form S-1	155,803	(305)	—	—	—	155,498
Exercise of options, RSUs and warrants	46,758	(32,498)	—	—	—	14,260
Stock-based compensation	—	19,600	—	—	—	19,600
Warrants and shares issued in association with note payable	271	24,875	—	—	—	25,146
Shares issued for settlement of business obligation	7,135	—	—	—	—	7,135
Distributions to limited liability company unit holders	—	—	—	—	(11,028)	(11,028)
Net income	—	—	—	75,436	4,927	80,363
Balance, December 31, 2021	$ 1,633,672	$ 21,245	$ 36,262	$ (70,063)	$ (1,638)	$ 1,619,478
Balance, January 1, 2022	$ 1,633,672	$ 21,245	$ 36,262	$ (70,063)	$ (1,638)	$ 1,619,478
Noncontrolling interests adjustment for change in ownership	2,379	(17,735)	—	—	15,356	—
Issuance of shares under business combinations and investments	1,406	—	—	—	—	1,406
Shares issued as contingent consideration	13,111	—	—	—	—	13,111
Indemnification of deferred shares associated with post acquisition costs	—	—	(51)	—	—	(51)
Exercise of options, RSUs and warrants	11,215	(7,393)	—	—	—	3,822
Stock-based compensation	—	27,140	—	—	—	27,140
Shares issued for settlement of business obligation	1,774	(24)	—	—	—	1,750
Distributions to limited liability company unit holders	—	—	—	—	(14,879)	(14,879)
Net income	—	—	—	11,978	1,677	13,655
Balance, December 31, 2022	$ 1,663,557	$ 23,233	$ 36,211	$ (58,085)	$ 516	$ 1,665,432

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

Green Thumb Industries Inc.
Consolidated Statements of Changes in Shareholders' Equity
Years Ended December 31, 2023, 2022 and 2021
(Amounts Expressed in Thousands of United States Dollars)

	Share Capital	Contributed Surplus (Deficit)	Deferred Share Issuance	Accumulated Earnings (Deficit)	Non-Controlling Interest	Total
			(in thousands)			
Balance, January 1, 2023	$ 1,663,557	$ 23,233	$ 36,211	$ (58,085)	$ 516	$ 1,665,432
Issuance of deferred shares	20,454	—	(20,454)	—	—	—
Distribution of contingent consideration	12,524	—	—	—	—	12,524
Indemnification of deferred shares associated with post acquisition costs	—	—	(2,784)	—	—	(2,784)
Exercise of options and RSUs	7,317	(3,695)	—	—	—	3,622
Stock-based compensation	—	28,189	—	—	—	28,189
Distributions to limited liability company unit holders	—	—	—	—	(1,290)	(1,290)
Repurchase of Subordinate Voting Shares	—	(39,856)	—	—	—	(39,856)
Net income	—	—	—	36,267	1,152	37,419
Balance, December 31, 2023	$ 1,703,852	$ 7,871	$ 12,973	$ (21,818)	$ 378	$ 1,703,256

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

Green Thumb Industries Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2023, 2022 and 2021
(Amounts Expressed in Thousands of United States Dollars)

	Year Ended December 31,		
	2023	**2022**	**2021**
		(in thousands)	
CASH FLOW FROM OPERATING ACTIVITIES			
Net income attributable to Green Thumb Industries Inc.	$ 36,267	$ 11,978	$ 75,436
Net income attributable to non-controlling interest	1,152	1,677	4,927
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	100,790	96,664	68,458
Amortization of operating lease assets	48,231	43,985	34,124
(Gain) loss on extinguishment of debt	(1,283)	—	10,645
Loss on disposal of property and equipment	3,542	383	314
Impairment of goodwill and intangible assets	—	88,503	—
Impairment of long-lived property and equipment	5,467	1,419	4,744
Loss (earnings) on equity method investments	1,166	4,259	(1,799)
Loss (gain) from lease modification	52	(3,330)	—
Deferred income taxes	8,918	(17,477)	(4,763)
Stock-based compensation	28,189	27,140	19,600
Decrease (increase) in fair value of investments	17,460	11,651	(6,377)
Increase (decrease) in fair value of contingent consideration	3,831	(29,012)	(8,273)
Decrease in fair value of warrants	(1,403)	(20,357)	(14,577)
Shares issued for settlement of business obligation	—	1,750	7,135
Gain on indemnification of deferred shares associated with post acquisition costs	(2,784)	(51)	—
Amortization of debt discount	9,718	9,174	7,235
Changes in operating assets and liabilities:			
Accounts receivable, net	(12,000)	(8,841)	(158)
Inventories, net	2,615	(19,791)	(16,439)
Prepaid expenses and other current assets	(5,603)	(3,222)	(4,863)
Deposits and other assets	503	(419)	(749)
Accounts payable	6,072	3,571	(9,525)
Accrued liabilities	2,969	2,412	10,165
Operating lease liabilities	(42,721)	(38,258)	(28,597)
Income tax receivable and payable, net	13,820	(5,244)	(14,615)
NET CASH PROVIDED BY OPERATING ACTIVITIES	**224,968**	**158,564**	**132,048**
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of property and equipment	(220,035)	(179,500)	(187,850)
Proceeds from disposal of property and equipment	429	869	109
Investments in securities and associates	(8,800)	(5,804)	(79,050)
Proceeds from equity investments and notes receivable	498	3,571	18,417
Settlement of acquisition consideration payable	—	(31,732)	—
Purchase of businesses, net of cash acquired	—	(7,350)	(32,356)
NET CASH USED IN INVESTING ACTIVITIES	**(227,908)**	**(219,946)**	**(280,730)**
CASH FLOW FROM FINANCING ACTIVITIES			
Contributions from limited liability company unit holders	—	—	1,675
Distributions to limited liability company unit holders	(1,290)	(14,879)	(11,028)
Contributions from unconsolidated subsidiaries	—	550	—
Net proceeds from issuance of registered shares pursuant to Form S-1	—	—	155,498
Repurchase of Subordinate Voting Shares	(39,856)	—	—
Proceeds from exercise of options and RSUs	3,622	3,822	14,260
Proceeds from issuance of notes payable	49,901	20,101	208,700
Principal repayment of notes payable	(25,485)	(950)	(70,507)
Prepayment penalty and other costs associated with refinancing	—	—	(3,254)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	**(13,108)**	**8,644**	**295,344**
CASH AND CASH EQUIVALENTS:			
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(16,048)	(52,738)	146,662
CASH AND CASH EQUIVALENTS BEGINNING OF PERIOD	177,682	230,420	83,758
CASH AND CASH EQUIVALENTS END OF PERIOD	**$ 161,634**	**$ 177,682**	**$ 230,420**

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

Green Thumb Industries Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2023, 2022 and 2021
(Amounts Expressed in Thousands of United States Dollars)

	Year Ended December 31,		
	2023	**2022**	**2021**
		(in thousands)	
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Interest paid	$ 20,912	$ 18,552	$ 15,311
NONCASH INVESTING AND FINANCING ACTIVITIES			
Accrued capital expenditures	$ (30,966)	$ 887	$ 22,096
Noncash increase in right of use asset	$ (7,174)	$ (74,996)	$ (27,035)
Noncash increase in lease liability	$ 7,174	$ 74,996	$ 27,035
Warrant issuance associated with note payable	$ —	$ —	$ 25,145
Mortgages associated with operating properties	$ —	$ 7,350	$ 6,830
Shares issued for purchase of noncontrolling interest	$ —	$ 2,379	$ 4,070
Issuance of shares associated with contingent consideration	$ 12,524	$ 13,111	$ 33,472
Deferred share issuances	$ —	$ —	$ 37,565
Deferred share distributions	$ (20,454)	$ —	$ (3,890)
Issuance of shares under business combinations	$ —	$ 1,406	$ 343,303
ACQUISITIONS AND DISPOSITIONS			
Inventories	$ (90)	$ 412	$ 9,489
Accounts receivable	—	34	527
Prepaid expenses	(16)	72	1,117
Property and equipment	(447)	738	30,789
Right of use assets	(128)	743	19,003
Identifiable Intangible assets	—	4,816	314,457
Goodwill	—	14,214	250,152
Deposits and other assets	—	12	1,031
Liabilities assumed	3	(1,222)	(13,692)
Lease liabilities	128	(743)	(19,003)
Notes Payable	—	—	(5,627)
Noncontrolling interests	—	17,735	—
Contingent liabilities	—	(200)	(98,500)
Equity interests issued	—	(3,785)	(374,244)
Fair value of previously held equity interest	—	(11,336)	—
Cash consideration payable	—	—	(32,092)
Cash consideration receivable	550	—	—
Deferred income taxes	—	1,216	(51,051)
Settlement of noncontrolling interests	—	(15,356)	—
	$ —	**$ 7,350**	**$ 32,356**
ADDITIONAL SUPPLEMENTAL INFORMATION			
Decrease in fair value of investments	$ 17,460	$ 22,606	$ (6,377)
Increase in fair value of equity method investments	—	(10,955)	—
TOTAL DECREASE IN FAIR VALUE OF INVESTMENTS	**$ 17,460**	**$ 11,651**	**$ (6,377)**

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

(Amounts Expressed in Thousands of United States Dollars, Except Where Stated Otherwise)

1. NATURE OF OPERATIONS

Green Thumb Industries Inc. (“Green Thumb” or the “Company”), 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. Green Thumb owns, manufactures, and distributes a portfolio of cannabis consumer packaged goods brands including &Shine, Beboe, Dogwalkers, Doctor Solomon’s, Good Green, incredibles, and RYTHM, to third-party retail stores across the United States as well as to Green Thumb owned retail stores. The Company also owns and operates retail cannabis stores that include a national chain named RISE, which sell our products and third-party products. As of December 31, 2023, Green Thumb has revenue in fourteen markets (California, Connecticut, Florida, Illinois, Maryland, Massachusetts, Minnesota, Nevada, New Jersey, New York, Ohio, Pennsylvania, Rhode Island and Virginia), employs approximately 4,600 people and serves millions of patients and customers annually.

The Company’s registered office is located at 250 Howe Street, 20th Floor, Vancouver, British Columbia, V6C 3R8. The Company’s U.S. headquarters is at 325 W. Huron St., Suite 700, Chicago, IL 60654.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation and Statement of Compliance

The consolidated financial statements as of December 31, 2023, 2022 and 2021 (the “Consolidated Financial Statements”), have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Certain previously reported amounts have been reclassified between line items to conform to the current period presentation.

(b) Basis of Measurement

These consolidated financial statements have been prepared on the going concern basis, under the historical cost convention, except for certain financial instruments that are measured at fair value as described herein.

(c) Functional and Presentation Currency

The Company’s functional currency, as determined by management, is the United States (“US”) dollar. These consolidated financial statements are presented in U.S. dollars.

(d) Basis of Consolidation

The consolidated financial statements for the years ended December 31, 2023, 2022 and 2021 include the accounts of the Company, its wholly-owned subsidiaries, its partially-owned subsidiaries, and those controlled by the Company by virtue of agreements, on a consolidated basis after elimination of intercompany transactions and balances.

Control exists when the Company has power over an investee, when the Company is exposed, or has rights, to variable returns from the investee, and when the Company has the ability to affect those returns through its power over the investee. The financial statements of entities controlled by the Company by virtue of agreements are fully consolidated from the date that control commences and deconsolidated from the date control ceases.

The following are the Company’s wholly owned subsidiaries that are included in these consolidated financial statements as of and for the years ended December 31, 2023 and 2022:

Subsidiaries	Jurisdiction	Interest
GTI23, Inc.	Delaware	100%
VCP23, LLC	Delaware	100%
GTI Core, LLC	Delaware	100%

(Amounts Expressed in Thousands of United States Dollars, Except Where Stated Otherwise)

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Basis of Consolidation (Continued)

The following are VCP23, LLC's and GTI Core, LLC's wholly owned subsidiaries and entities over which the Company has control, that are included in these consolidated financial statements for the years ended December 31, 2023:

Subsidiaries	Ownership	Jurisdiction	Purpose
JB17, LLC	100%	Maryland	Management company
GTI-Clinic Illinois Holdings, LLC	100%	Illinois	License holder
ILDISP, LLC	100%	Illinois	License holder
RISE Holdings, Inc.	100%	Massachusetts	License holder
Liberty Compassion Inc.	100%	Massachusetts	License holder
GTI Maryland, LLC	100%	Maryland	License holder
Ohio Investors 2017, LLC	100%	Ohio	Holding Company
GTI Ohio, LLC	100%	Ohio	License holder
GTI Nevada, LLC	100%	Nevada	License holder
GTI Pennsylvania, LLC	100%	Pennsylvania	License holder
GTI Florida, LLC	100%	Florida	Holding company
KSGNF, LLC	100%	Florida	License holder
GTI New Jersey, LLC	100%	New Jersey	License holder
KW Ventures Holdings, LLC	100%	Pennsylvania	License holder
Chesapeake Alternatives, LLC	100%	Maryland	License holder
Meshow, LLC	100%	Maryland	License holder
Maryland Health and Wellness Center, Inc.	100%	Maryland	License holder
Advanced Grow Labs, LLC	100%	Connecticut	License holder
Bluepoint Wellness of Westport, LLC	46%	Connecticut	License holder
Bluepoint Apothecary, LLC	100%	Connecticut	License holder
Southern CT Wellness and Healing	100%	Connecticut	License Holder
Integral Associates, LLC	100%	Nevada	License holder
Integral Associates CA, LLC	100%	California	License holder
Fiorello Pharmaceuticals, Inc.	100%	New York	License holder
Dharma Pharmaceuticals, LLC	100%	Virginia	License holder
Summit Medical Compassion Center, Inc.	0%	Rhode Island	License holder
LeafLine Industries, LLC	100%	Minnesota	License holder
MC Brands, LLC	100%	Colorado	Intellectual property
For Success Holding Company	100%	California	Intellectual property
VCP IP Holdings, LLC	100%	Delaware	Intellectual property
Vision Management Services, LLC	100%	Delaware	Management company
TWD18, LLC	100%	Delaware	Investment company
VCP Real Estate Holdings, LLC	100%	Delaware	Real Estate holding company

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Investment in Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method and are initially recognized at cost. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

The Company assesses annually whether there is any objective evidence that its interest in associates is impaired. If impaired, the carrying value of the Company's share of the underlying assets of associates is written down to its estimated recoverable amount (being the higher of fair value less costs of disposal or value in use) and charged to the consolidated statement of operations. If the financial statements of an associate are prepared on a date different from that used by the Company, adjustments are made for the effects of significant transactions or events that occur between that date and the date of these consolidated financial statements.

(f) Non-controlling Interests

Non-controlling interests ("NCI") represent equity interests owned by outside parties. NCI may be initially measured at fair value or at the NCI's proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement is made on a transaction by transaction basis. Green Thumb elected to measure each NCI at its proportionate share of the recognized amounts of the acquiree's identifiable net assets. The share of net assets attributable to NCI are presented as a component of equity. Their share of net income or loss and comprehensive income or loss is recognized directly in equity. Total comprehensive income or loss of subsidiaries is attributed to the shareholders of the Company and to the NCI, even if this results in the NCI having a deficit balance.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash deposits in financial institutions, other deposits that are readily convertible into cash, with original maturities of three months or less, and cash held at retail locations.

(h) Accounts Receivable

Accounts receivable are recorded net of an allowance for doubtful accounts. The Company estimates the allowance for doubtful accounts based on existing contractual payment terms, actual payment patterns of its customers and individual customer circumstances. For the years ended December 31, 2023 and 2022 the Company recorded approximately $1,658 thousand and $928 thousand, respectively, in allowance for doubtful accounts. During the years ended December 31, 2023, 2022 and 2021, the Company recorded bad debt expense of $729 thousand, $423 thousand and $488 thousand, respectively.

(i) Inventories

Inventories of purchased finished goods and packing materials are initially valued at cost and subsequently at the lower of cost and net realizable value.

Costs incurred during the growing and production process are capitalized as incurred to the extent that cost is less than net realizable value. These costs include materials, labor and manufacturing overhead used in the growing and production processes.

Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined using the weighted average cost basis. Products for resale and supplies and consumables are valued at lower of cost and net realizable value. The Company reviews inventory for obsolete, redundant and slow-moving goods and any such inventories are written down to net realizable value.

(Amounts Expressed in Thousands of United States Dollars, Except Where Stated Otherwise)

(j) Property and Equipment

Property and equipment are stated at cost, including capitalized borrowing costs, net of accumulated depreciation and impairment losses, if any. Expenditures that materially increase the life of the assets are capitalized. Ordinary repairs and maintenance are expensed as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset using the following terms and methods:

Land	Not Depreciated
Land Improvements	10 – 30 Years
Buildings and Improvements	39 Years
Furniture and Fixtures	5 – 7 Years
Computer Equipment and Software	5 Years
Leasehold Improvements	Remaining Life of Lease
Production and Processing Equipment	5 – 7 Years
Assets Under Construction	Not Depreciated

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year-end and adjusted prospectively if appropriate. An item of equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is included in operations in the year the asset is derecognized.

The Company evaluates the recoverability of other long-lived assets, including property, plant and equipment, and certain identifiable intangible assets, whenever events or changes in circumstances indicate that the carrying value of an asset or asset group may not be recoverable. The Company performs impairment tests of indefinite-lived intangible assets on an annual basis or more frequently in certain circumstances. Factors which could trigger an impairment review include significant underperformance relative to historical or projected future operating results, significant changes in the manner of use of the assets or the strategy for the overall business, a significant decrease in the market value of the assets or significant negative industry or economic trends. When the Company determines that the carrying value of long-lived assets may not be recoverable based upon the existence of one or more of the indicators, the assets are assessed for impairment based on the estimated future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. If the carrying value of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying value over its fair value. During the years ended December 31, 2023, 2022 and 2021, the Company recorded impairment charges of $5,467 thousand, $1,419 thousand and $4,744 thousand respectively, within selling, general, and administrative expenses on the consolidated statement of operations.

(k) Note Receivable and Investments

Convertible notes investments and investments in equity of private companies are classified as financial assets at fair value. Upon initial recognition, the investment is recognized at fair value with directly attributable transaction costs expensed as incurred. Subsequent changes in fair value are recognized in profit or loss.

(Amounts Expressed in Thousands of United States Dollars, Except Where Stated Otherwise)

(l) Intangible Assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization periods of assets with finite lives are based on management's estimates at the date of acquisition and were as follows for each class of intangible asset as of December 31, 2023:

Licenses and Permits	15 years
Tradenames	5-15 years
Customer Relationships	7 years
Non-competition Agreement	5 years

Intangible assets with finite lives are amortized over their estimated useful lives. The estimated useful lives, residual values and amortization methods are reviewed at each year end, and any changes in estimates are accounted for prospectively.

During the 2022 annual review, management determined that certain tradenames associated with the 2019 acquisition of Integral Associates, LLC ("Integral") should be written-off. The Company's decisions to re-brand Essence retail stores into RISE retail locations and, discontinue production of the Desert Grown Farms brand, both acquired as part of the Integral acquisition, resulted in an impairment charge of $31,131 thousand as of the year ended December 31, 2022.

No such impairment charges were recorded during the years ended December 31, 2023 or 2021.

(m) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is either assigned to a specific reporting unit or allocated between reporting units based on the relative fair value of each reporting unit.

Goodwill is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The Company reviews indefinite-lived intangible assets, which includes goodwill, annually, as of October 1, for impairment or more frequently if events or circumstances indicate that the carrying value may not be recoverable. An impaired asset is written down to its estimated fair value based on the most recent information available.

The Company applies the guidance in *Accounting Standards Update ("ASU") 2011-08, Intangibles-Goodwill and Other-Testing Goodwill for Impairment*, which provides entities with an option to perform a qualitative assessment (commonly referred to as "Step Zero") to determine whether further quantitative analysis for impairment of goodwill is necessary. In performing Step Zero for the Company's goodwill impairment test, the Company is required to make assumptions and judgments including but not limited to the following: the evaluation of macroeconomic conditions as related to the Company's business, industry and market trends, and the overall future financial performance of its reporting units and future opportunities in the markets in which they operate. If impairment indicators are present after performing Step Zero, the Company would perform a quantitative impairment analysis to estimate the fair value of goodwill.

During the years ended December 31, 2021 and 2023, the Company performed the Step Zero analysis for its goodwill impairment test. As a result of the Company's Step Zero analysis, no further quantitative impairment test was deemed necessary.

During 2022, the Company evaluated its existing reporting units under the accounting guidance provided in *Accounting Standards Codification ("ASC") 280, Segment Reporting*, and determined that the individual components within each respective segment were economically similar and thus, aggregation of these components into two reporting units that align with our reportable segments, should be applied. Subsequent to October 1, 2022, the Company aggregated each of the components into two reporting units (Retail and Consumer Packaged Goods).

As part of the Company's aggregation of the 30 reporting units that existed prior to October 1, 2022, the accounting guidance required the reporting units be tested for impairment through a Step 1 quantitative analysis prior to aggregation.

(m) Goodwill (Continued)

The analysis performed included estimating the fair value of each reporting unit using either an income or market approach. The income approach requires management to estimate a number of factors for each reporting unit, including projected future operating results, economic projections, anticipated future cash flows, discount rates, the allocation of shared or corporate costs and the eventual repeal of 280E. The market approach estimates fair value using comparable marketplace fair value data from within a comparable industry grouping.

The determination of fair value in the quantitative assessment requires the Company to make significant estimates and assumptions. These estimates and assumptions primarily include but are not limited to: the discount rate; terminal growth rates; and forecasts of revenue, operating income, depreciation and amortization and capital expenditures.

As a result, for the year ended December 31, 2022, the Company recognized an impairment charge of $44,392 thousand associated with its Nevada Consumer Packaged Goods operations and $12,980 thousand associated with its Nevada Retail operations as the carrying values of the reporting units exceeded the estimated fair value by such amounts. No such impairment charges were recorded for the years ended December 31, 2023 or 2021.

(n) Income Taxes

Deferred taxes are provided using an asset and liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Deferred tax assets and liabilities are measured using the enacted taxes rates. The effect on deferred tax assets and liabilities of a change in tax law or tax rates is recognized in income in the period that enactment occurs. As discussed further in Note 11—Income Taxes, the Company is subject to the limitations of Internal Revenue Code of 1986, as amended (“IRC”) Section 280E.

(o) Revenue Recognition

Revenue is recognized by the Company in accordance with *ASU 2014-09*, *Revenue from Contracts with Customers (Topic 606) (“ASU 2014-09”).* Through application of the standard, the Company recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

In order to recognize revenue under ASU 2014-09, the Company applies the following five (5) steps:

- Identify a customer along with a corresponding contract;
- Identify the performance obligation(s) in the contract to transfer goods or provide distinct services to a customer;
- Determine the transaction price the Company expects to be entitled to in exchange for transferring promised goods or services to a customer;
- Allocate the transaction price to the performance obligation(s) in the contract; and
- Recognize revenue when or as the Company satisfies the performance obligation(s).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Revenue Recognition (Continued)

Revenues consist of Consumer Packaged Goods and Retail sales of cannabis, which are generally recognized at a point in time when control over the goods have been transferred to the customer and is recorded net of sales discounts. Payment is typically due upon transferring the goods to the customer or within a specified time period permitted under the Company's credit policy. During the years ended December 31, 2023, 2022 and 2021, sales discounts totaled $232,031 thousand, $167,288 thousand and $83,851 thousand, respectively.

Revenue is recognized upon the satisfaction of the performance obligation. The Company satisfies its performance obligation and transfers control upon delivery and acceptance by the customer.

At some locations, the Company offers a loyalty reward program to its retail customers. A portion of the revenue generated in a sale must be allocated to the loyalty points earned. The amount allocated to the points earned is deferred until the loyalty points are redeemed or expire. As of December 31, 2023 and 2022, the loyalty liability totaled $4,839 thousand and $4,871 thousand, respectively, and is included in accrued liabilities on the consolidated balance sheets.

(p) Stock-Based Payments

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

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

The Company recognizes compensation expense for Restricted Stock Units ("RSUs") and options on a straight-line basis over the requisite service period of the award. Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of options expected to vest differs from the previous estimate. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in a prior period if share options ultimately exercised are different to that estimated on vesting.

(q) 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.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Fair Value of Financial Instruments (Continued)

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:

Level 1—Unadjusted quoted prices in active markets for identical assets or liabilities;
Level 2—Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and
Level 3—Inputs for the asset or liability that are not based on observable market data.

For further details, see Note 14—Fair Value Measurements.

(r) Commitments and Contingencies

The Company is subject to lawsuits, investigations and other claims related to employment, commercial and other matters that arise out of operations in the normal course of business. Periodically, the Company reviews the status of each significant matter and assesses the potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable, and the amount can be reliably estimated, such amount is recognized in other liabilities.

Contingent liabilities are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. The Company performs evaluations to identify onerous contracts and, where applicable, records contingent liabilities for such contracts.

(s) Share Capital

Common Shares are classified as equity (the Company's Super Voting Shares, Multiple Voting Shares and Subordinate Voting Shares are all considered Common Shares). Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity. The proceeds from the exercise of stock options or warrants together with amounts previously recorded in reserves over the vesting periods are recorded as share capital. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with *ASC 740, Income Taxes*.

(t) Earnings per Share

Basic earnings per share is calculated using the treasury stock method, by dividing the net earnings attributable to shareholders by the weighted average number of Common Shares outstanding during each of the periods presented. Contingently issuable shares (including shares held in escrow) are not considered outstanding Common Shares and consequently are not included in the basic earnings per share calculation. Diluted earnings per share is calculated using the treasury stock method by adjusting the weighted average number of Common Shares outstanding to assume conversion of all dilutive potential Common Shares. The Company has three categories of potentially dilutive Common Share equivalents: RSUs, options and warrants. As of December 31, 2023, the Company had 10,071,467 options, 3,620,638 RSUs and 3,734,555 warrants outstanding. As of December 31, 2022, the Company had 9,577,947 options, 947,502 RSUs and 3,734,555 warrants outstanding. As of December 31, 2021, the Company had 5,383,275 options, 376,127 RSUs and 3,835,278 warrants outstanding.

In order to determine diluted earnings per share, it is assumed that any proceeds from the exercise of dilutive unvested RSUs, options, and warrants would be used to repurchase Common Shares at the average market price during the period. Under the treasury stock method, the diluted earnings per share calculation excludes any potential conversion of options and convertible debt that would increase earnings per share or decrease loss per share. For the year ended December 31, 2023, the computation of diluted earnings per share included 220,325 options, 1,679,198 RSUs and 0 warrants. For the year ended December 31, 2022, the computation of diluted earnings per share included 1,001,835 options, 243,194 RSUs and 121,945 warrants. For the year ended December 31, 2021, the computation of diluted earnings per share included 2,323,625 options, 200,732 RSUs and 1,042,199 warrants.

(t) Earnings per Share (Continued)

For the years ended December 31, 2023, 2022, and 2021 the weighted average number of anti-dilutive options excluded from the computation of diluted earnings per share were 2,477,120; 1,895,273; and 626,930, respectively.

(u) Business Combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value at the date of acquisition. Acquisition related transaction costs are expensed as incurred. Identifiable assets and liabilities, including intangible assets, of acquired businesses are recorded at their fair value at the date of acquisition. When the Company acquires control of a business, any previously held equity interest also is remeasured to fair value. The excess of the purchase consideration and any previously held equity interest over the fair value of identifiable net assets acquired is goodwill. If the fair value of identifiable net assets acquired exceeds the purchase consideration and any previously held equity interest, the difference is recognized in the Consolidated Statements of Operations immediately as a gain or loss on acquisition.

Contingent consideration is measured upon acquisition and is estimated using probability weighting of potential payouts. Contingent consideration classified as a liability requires remeasurement at each period-end, with adjustments to the fair value of the liability recorded within selling, general and administrative expenses. Equity classified contingent consideration is measured as of the date of acquisition and assessed at each period-end to determine whether equity classification remains appropriate.

(v) Foreign Currency

Assets and liabilities denominated in currencies other than Green Thumb's functional currency are initially measured in the functional currencies at the transaction date exchange rate. Monetary assets are remeasured at the rate of exchange in effect as of the balance sheet date. Revenues and expenses are translated at the transaction date exchange rate. Foreign currency gains and losses resulting from translation are reflected in net comprehensive income (loss) for the period. During the years ended December 31, 2023, 2022, and 2021, there were no significant transactions in currencies other than US Dollars.

(w) Impairment of Other Long-Lived Assets

The Company evaluates the recoverability of other long-lived assets, including property, plant and equipment, and certain identifiable intangible assets, whenever events or changes in circumstances indicate that the carrying value of an asset or asset group may not be recoverable. The Company performs impairment tests of indefinite-lived intangible assets on an annual basis or more frequently in certain circumstances. Factors which could trigger an impairment review include significant underperformance relative to historical or projected future operating results, significant changes in the manner of use of the assets or the strategy for the overall business, a significant decrease in the market value of the assets or significant negative industry or economic trends.

When the Company determines that the carrying value of long-lived assets may not be recoverable based upon the existence of one or more of the indicators, the assets are assessed for impairment based on the estimated future undiscounted cash flows expected to result from the use of the asset and its eventual disposition. If the carrying value of an asset exceeds its estimated future undiscounted cash flows, an impairment loss is recorded for the excess of the asset's carrying value over its fair value.

During the years ended December 31, 2023, 2022 and 2021, the Company recorded impairment charges associated with long-lived fixed assets of $5,467 thousand, $1,419 thousand and $4,744 thousand respectively, within selling, general, and administrative expenses on the consolidated statement of operations.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(x) Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Company's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, and revenue and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

(i) Estimated Useful Lives and Amortization of Intangible Assets (Also see Note 5—Intangible Asset and Goodwill)

Amortization of intangible assets is recorded on a straight-line basis over their estimated useful lives, which do not exceed the contractual period, if any.

(ii) Business Combinations

Classification of an acquisition as a business combination or an asset acquisition depends on whether the assets acquired constitute a business, which can be a complex judgment. Whether an acquisition is classified as a business combination or asset acquisition can have a significant impact on the entries made on and after acquisition.

In determining the fair value of all identifiable assets, liabilities and contingent liabilities acquired, the most significant estimates relate to contingent consideration and intangible assets. Management exercises judgment in estimating the probability and timing of when earn-outs are expected to be achieved, which is used as the basis for estimating fair value. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows.

Cannabis licenses are the primary intangible asset acquired in business combinations as they provide the Company the ability to operate in each market. However, some cannabis licenses are subject to renewal and therefore there is some risk of non-renewal for several reasons, including operational, regulatory, legal or economic. To appropriately consider the risk of non-renewal, the Company applies probability weighting to the expected future net cash flows in calculating the fair value of these intangible assets. The key assumptions used in these cash flow projections include discount rates and terminal growth rates. Of the key assumptions used, the impact of the estimated fair value of the intangible assets have the greatest sensitivity to the estimated discount rate used in the valuation. Other significant assumptions include revenue, gross profit, operating expenses and anticipated capital expenditures which are based upon the Corporation's historical operations along with management projections.

The evaluations are linked closely to the assumptions made by management regarding the future performance of these assets and any changes in the discount rate applied.

(iii) Inventories

The net realizable value of inventories represents the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. The determination of net realizable value requires significant judgment, including consideration of factors such as shrinkage, the aging of and future demand for inventory, expected future selling price the Company expects to realize by selling the inventory, and the contractual arrangements with customers. Reserves for excess and obsolete inventory are based upon quantities on hand, projected volumes from demand forecasts and net realizable value. The estimates are judgmental in nature and are made at a point in time, using available information, expected business plans, and expected market conditions. As a result, the actual amount received on sale could differ from the estimated value of inventory. Periodic reviews are performed on the inventory balance. The impact of changes in inventory reserves is reflected in cost of goods sold.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(x) Significant Accounting Judgments, Estimates and Assumptions (Continued)

(iv) Investments in Private Holdings

Investments include private company investments which are carried at fair value based on the value of the Company's interests in the private companies determined from financial information provided by management of the companies, which may include operating results, subsequent rounds of financing and other appropriate information. Any change in fair value is recognized on the consolidated statement of operations.

(v) Goodwill Impairment

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired. As described in Notes 2(l) and 2(m), the Company applies the guidance in *ASU 2011-08 Intangibles-Goodwill and Other-Testing Goodwill for Impairment*, which provides entities with an option to perform a qualitative assessment (commonly referred to as "Step Zero") to determine whether further quantitative analysis for impairment of goodwill is necessary. In performing Step Zero for the Company's goodwill impairment test, the Company is required to make assumptions and judgments including but not limited to the following: the evaluation of macroeconomic conditions as related to the Company's business, industry and market trends, and the overall future financial performance of its reporting units and future opportunities in the markets in which they operate. If impairment indicators are present after performing Step Zero, the Company would perform a quantitative impairment analysis to estimate the fair value of goodwill.

During the years ended December 31, 2023 and 2021, the Company performed the Step Zero analysis for its goodwill impairment test. As a result of the Company's Step Zero analysis, no further quantitative impairment test was deemed necessary.

During 2022, the Company evaluated its existing reporting units under the accounting guidance provided in *ASC 280, Segment Reporting*, and determined that the individual components within each respective segment were economically similar and thus, aggregation of these components into two reporting units that align with our reportable segments, should be applied. Beginning October 1, 2022, the Company identified two reporting units (Retail and Consumer Packaged Goods).

As part of the Company's aggregation of the 30 reporting units that existed prior to October 1, 2022, the accounting guidance required the reporting units be tested for impairment through a Step 1 quantitative analysis prior to aggregation to determine if any of the reporting units was impaired.

The analysis performed included estimating the fair value of each reporting unit using both the income and market approaches. The income approach requires management to estimate a number of factors for each reporting unit, including projected future operating results, economic projections, anticipated future cash flows, discount rates and the allocation of shared or corporate costs. The market approach estimates fair value using comparable marketplace fair value data from within a comparable industry grouping.

The determination of fair value in the quantitative assessment requires the Company to make significant estimates and assumptions. These estimates and assumptions primarily include, but are not limited to: the discount rate; terminal growth rates; and forecasts of revenue, operating income, depreciation and amortization, capital expenditures and the eventual repeal of 280E.

As a result of the Company's goodwill impairment analysis, the Company determined two of the reporting units were impaired. See Note 5—Intangible Assets and Goodwill for additional detail.

(vi) Determination of Reporting Units

The Company's assets are aggregated into two reportable segments Retail and Consumer Packaged Goods. During 2022, the Company evaluated its existing reporting units under the accounting guidance provided in *ASC 280, Segment Reporting*, and determined that the individual components within each respective segment were economically similar and thus, aggregation of these components into two reporting units that align with our reportable segments, should be applied. Beginning October 1, 2022, the Company identified two reporting units (Retail and Consumer Packaged Goods).

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(x) Significant Accounting Judgment, Estimates and Assumptions (Continued)

(vii) Consolidation

Judgment is applied in assessing whether the Company exercises control and has significant influence over entities in which the Company directly or indirectly owns an interest. The Company has control when it has the power over the subsidiary, has exposure or rights to variable returns, and has the ability to use its power to affect the returns. Significant influence is defined as the power to participate in the financial and operating decisions of the subsidiaries. Where the Company is determined to have control, these entities are consolidated. Additionally, judgment is applied in determining the effective date on which control was obtained.

(viii) Allowance for Uncollectible Accounts

Management determines the allowance for uncollectible accounts by evaluating individual receivable balances and considering accounts and other receivable financial condition and current economic conditions. Accounts receivable and financial assets recorded in other receivables are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded as income when received. All receivables are expected to be collected within one year of the balance sheet date.

(ix) Stock-Based Payments

Valuation of stock-based compensation and warrants requires management to make estimates regarding the inputs for option pricing models, such as the expected life of the option, the volatility of the Company's stock price, the vesting period of the option and the risk-free interest rate are used. Actual results could differ from those estimates. The estimates are considered for each new grant of stock options or warrants.

(x) Fair Value of Financial Instruments

The individual fair values attributed to the different components of a financing transaction or derivative financial instruments, are determined using valuation techniques. The Company uses judgment to select the methods used to make certain assumptions and in performing the fair value calculations in order to determine (a) the values attributed to each component of a transaction at the time of their issuance; (b) the fair value measurements for certain instruments that require subsequent measurement at fair value on a recurring basis; and (c) for disclosing the fair value of financial instruments. These valuation estimates could be significantly different because of the use of judgment and the inherent uncertainty in estimating the fair value of these instruments that are not quoted in an active market.

(y) New and Revised Standards

(i) In December 2019, the FASB issued *ASU 2019-12, Income Taxes (Topic 740) - Simplifying the Accounting for Income Taxes*, which is intended to simplify various aspects related to accounting for income taxes *("ASU 2019-12")*. *ASU 2019-12* removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. The Company adopted *ASU 2019-12* on January 1, 2021. The adoption of the standard did not have a material impact on the Company's consolidated financial statements.

(ii) In January 2020, the FASB issued *ASU 2020-01, Investments - Equity Securities (Topic 321), Investments - Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815) ("ASU 2020-01")*, which is intended to clarify the interaction of the accounting for equity securities under Topic 321 and investments accounted for under the equity method of accounting in Topic 323 and the accounting for certain forward contracts and purchased options accounted for under Topic 815. The Company adopted *ASU 2020-01* on January 1, 2021. The adoption of the standard did not have a material impact on the Company's consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(y) New and Revised Standards (Continued)

(iii) On August 5, 2020, the FASB issued *ASU No. 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, to improve financial reporting associated with accounting for convertible instruments and contracts in an entity's own equity. The amendments in this ASU are effective for public business entities for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

(iv) In November 2023, the FASB issued *ASU No.2023-07, Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures,* to provide enhanced segment disclosures. The standard will require disclosures about significant segment expense categories and amounts for each reportable segment, for all periods presented. Additionally, the standard requires public entities to disclose the title and position of the Chief Operating Decision Maker ("CODM") in the consolidated financial statements. These enhanced disclosures are required for all entities on an interim and annual basis, effective for fiscal years beginning after December 15, 2023, and interim periods within annual periods beginning after December 15, 2024. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

3. INVENTORIES

The Company's inventories include the following at December 31, 2023 and 2022:

		December 31, 2023		December 31, 2022
		(in thousands)		
Raw Material	$	1,547	$	3,070
Packaging and Miscellaneous		10,661		9,847
Work in Process		47,029		57,287
Finished Goods		57,631		49,268
Reserve for Obsolete Inventory		(3,898)		(3,797)
Total Inventories, Net	**$**	**112,970**	**$**	**115,675**

4. PROPERTY AND EQUIPMENT

At December 31, 2023 and 2022, property and equipment consisted of the following:

		December 31, 2023		December 31, 2022
		(in thousands)		
Buildings and Improvements	$	353,912	$	176,874
Equipment, Computers and Furniture		171,522		122,568
Leasehold Improvements		200,232		135,524
Land Improvements		1,046		847
Capitalized Interest		30,817		16,934
Total Property and Equipment		**757,529**		**452,747**
Less: Accumulated Depreciation		(127,290)		(80,702)
Property and Equipment, net		630,239		372,045
Land		33,725		29,106
Assets Under Construction		23,142		156,722
Property and Equipment, net	**$**	**687,106**	**$**	**557,873**

Assets under construction represent construction in progress related to both cultivation and dispensary facilities not yet completed or otherwise not ready for use.

Depreciation expense for the years ended December 31, 2023, 2022 and 2021 totaled $49,949 thousand, $37,006 thousand and $23,250 thousand, respectively, of which $32,936 thousand, $24,117 thousand and $14,301 thousand, respectively, is included in cost of goods sold.

5. INTANGIBLE ASSETS AND GOODWILL

(a) Intangible Assets

Intangible assets are recorded at cost less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Amortization of definite life intangibles is provided on a straight-line basis over their estimated useful lives. The estimated useful lives, residual values, and amortization methods are reviewed at each year end, and any changes in estimates are accounted for prospectively.

At December 31, 2023 and 2022, intangible assets consisted of the following:

	December 31, 2023			December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization (in thousands)	Net Book Value	Gross Carrying Amount	Accumulated Amortization (in thousands)	Net Book Value
Licenses and Permits	$ 660,716	$ 157,764	$ 502,952	$ 660,716	$ 113,800	$ 546,916
Trademarks	41,511	13,378	28,133	41,511	10,486	31,025
Customer Relationships	24,438	16,927	7,511	24,438	13,435	11,003
Non-Competition Agreements	2,565	2,483	82	2,565	1,990	575
Total Intangible Assets	**$ 729,230**	**$ 190,552**	**$ 538,678**	**$ 729,230**	**$ 139,711**	**$ 589,519**

The Company recorded amortization expense for the years ended December 31, 2023, 2022 and 2021 of $50,841 thousand, $59,658 thousand and $45,208 thousand, respectively.

On an annual basis, the Company reviews the estimated useful lives, residual values and amortization methods used for each identifiable intangible asset acquired. During the 2022 annual review, management determined that certain tradenames associated with the 2019 acquisition of Integral Associates, LLC ("Integral") should be written-off. The Company's decisions to re-brand Essence retail stores into RISE retail locations and, discontinue production of the Desert Grown Farms brand, both acquired as part of the Integral acquisition, resulted in an impairment charge of $31,131 thousand as of the year ended December 31, 2022.

No such impairment charges were recorded during the years ended December 31, 2023 or 2021.

The following table outlines the estimated annual amortization expense related to intangible assets as of December 31, 2023:

Year Ending December 31,	Estimated Amortization (in thousands)
2024	$ 50,392
2025	50,294
2026	47,332
2027	46,803
2028	46,803
2029 and Thereafter	297,054
	$ 538,678

As of December 31, 2023, the weighted average amortization period remaining for intangible assets was 11.37 years.

5. INTANGIBLE ASSETS AND GOODWILL *(Continued)*

(b) Goodwill

At December 31, 2023 the balances of goodwill, by segment, consisted of the following:

		Retail	Consumer Packaged Goods	Total
			(in thousands)	
As of January 1, 2023	$	273,802 $	315,889 $	589,691
As of December 31, 2023	**$**	**273,802 $**	**315,889 $**	**589,691**

At December 31, 2022 the balances of goodwill, by segment, consisted of the following:

		Retail	Consumer Packaged Goods	Total
			(in thousands)	
As of January 1, 2022	$	274,811 $	358,038 $	632,849
Acquisition of ILDISP, LLC		4,697	—	4,697
Adjustments to Preliminary Purchase Price Allocations		7,274	2,243	9,517
Impairment of Goodwill		(12,980)	(44,392)	(57,372)
As of December 31, 2022	**$**	**273,802 $**	**315,889 $**	**589,691**

Goodwill is recognized net of accumulated impairment losses of $57,372 thousand as of December 31, 2023 and 2022 respectively. Goodwill impairment charges of $- thousand and $57,372 thousand were recognized by the Company during the years ended December 31, 2023 and 2022, respectively.

During the year ended December 31, 2022, the Company evaluated its existing reporting units under the accounting guidance provided in *ASC 280, Segment Reporting* and determined that the individual components within each respective segment were economically similar and thus, aggregation of those components into two reporting units that align with our reportable segments, was applied. Beginning October 1, 2022, the Company aggregated its components into two reporting units (Retail and Consumer Packaged Goods).

As part of the Company's aggregation of the reporting units that existed prior to October 1, 2022, the accounting guidance required the reporting units be tested for impairment through a Step 1 quantitative analysis. As a result of the goodwill impairment test, the Company recognized an impairment charge of $44,392 thousand associated with its Nevada Consumer Packaged Goods operations and $12,980 thousand associated with its Nevada Retail operations as the carrying values of the reporting units exceeded the estimated fair value by such amounts. No such impairment charges were recorded for the years ended December 31, 2023 or 2021.

6. INVESTMENTS

As of December 31, 2023 and 2022, the Company held various equity interests in cannabis companies as well as investments in convertible notes that had a combined fair value of $64,361 thousand and $74,169 thousand as of each period end, respectively. The Company measures its investments that do not have readily determinable fair value at cost minus impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. The Company performs an assessment on a quarterly basis to determine whether triggering events for impairment exist and to identify any observable price changes.

The following table summarizes the change in the Company’s investments during the years ended December 31, 2023 and 2022:

	December 31, 2023	December 31, 2022
	(in thousands)	
Beginning	$ 74,169	$ 94,902
Additions	8,200	5,444
Disposals	(498)	(3,571)
Fair value adjustment	(17,460)	(22,606)
Transfers and other	(50)	—
Ending	**$ 64,361**	**$ 74,169**

The following table summarizes the fair value change in the Company's investments recorded during the years ended December 31, 2023, 2022 and 2021.

	Years Ended December 31,		
	2023	2022	2021
	(in thousands)		
Equity Investments	$ (20,713)	$ (17,078)	$ 5,955
Notes	2,845	(6,192)	—
Accrued Interest of Notes	408	664	422
Net fair value (losses) gains	**$ (17,460)**	**$ (22,606)**	**$ 6,377**

The Company recorded fair value gains (losses) related to equity and note receivable investments within other income (expense) and accrued interest to interest income on the consolidated statements of operations.

(a) Equity Investments

For the years ended December 31, 2023 and 2022, the Company held equity investments in publicly traded entities which have readily determinable fair values, which are classified as Level 1 investments, of $2,001 thousand and $2,535 thousand, respectively. During the years ended December 31, 2023, 2022 and 2021, the Company received proceeds from the sale of such investments of $198 thousand, $2,488 thousand and $18,417 thousand, respectively. The Company recorded net (losses) gains on the change in fair value of such investments of $(336) thousand, $(15,560) thousand and $828 thousand during the years ended December 31, 2023, 2022 and 2021, respectively, within other income (expense) on the consolidated statement of operations. These investments are classified as trading securities on the Company's consolidated balance sheet.

For the years ended December 31, 2023 and 2022, the Company held equity investments in privately held entities that did not have readily determinable fair values, which are classified as Level 3 investments, of $25,953 thousand and $40,330 thousand, respectively. There were no sales of these investments during the years ended December 31, 2023, 2022 and 2021. The Company recorded net (losses) gains on the change in fair value of such investments of $(20,377) thousand, $(1,518) thousand and $5,127 thousand during the years ended December 31, 2023, 2022 and 2021, respectively, within other income (expense) on the consolidated statement of operations. These investments are classified as trading securities on the Company's consolidated balance sheet.

See Note 14—Fair Value Measurements for additional details.

6. INVESTMENTS *(Continued)*

(a) Equity Investments *(Continued)*

Unrealized gains (losses) recognized on equity investments held during the years ended December 31, 2023, 2022 and 2021 were $(20,660) thousand, $(16,910) thousand, and $6,377 thousand, respectively.

(b) Note Receivable Instruments

As of December 31, 2023 and 2022, the Company held note receivable instruments, which were classified as a Level 1 investment as they represent public debt of a publicly traded entity, and had a fair value of $22,214 thousand each year. There were no gains (losses) recognized on these investments during the years ended December 31, 2023 and 2021. During the year ended December 31, 2022, the Company recorded net losses on the change in fair value of such investments of $237 thousand, within other income (expense) on the consolidated statement of operations. There were no proceeds received on these investments during the years ended December 31, 2023 and 2021. During the year ended December 31, 2022, the Company received proceeds from the partial principal repayment of the note receivable of $1,083 thousand. The note receivable instruments had a stated interest rate of 13% and a maturity date of April 29, 2025. These notes did not contain conversion features and are currently classified as trading securities on the Company's consolidated balance sheet.

As of December 31, 2023 and 2022, the Company held note receivable instruments which were classified as Level 3 investments as they represent loans provided to privately held entities that do not have readily determinable fair values. The note receivable instruments had a combined fair value of $14,193 thousand and $9,090 thousand, respectively, with stated interest ranging between 0.91% - 10% and terms between 15 months to five years. During the years ended December 31, 2023 and 2022, the Company recorded gain (losses) on the change in fair value of such investments of $2,845 thousand and $(5,955) thousand, respectively, within other income (expense). There were no gains (losses) recognized on these investments during the year ended December 31, 2021. The combined fair value amounts include the initial investment cost and combined contractual accrued interest of $408 thousand, $664 thousand and $422 thousand for the years ended December 31, 2023, 2022 and 2021. These notes are classified as trading securities on the Company's consolidated balance sheet.

See Note 14—Fair Value Measurements for additional details.

7. LEASES

(a) Operating Leases

The Company has operating leases for its retail stores, processing and cultivation facilities, as well as for corporate office space. Operating lease right-of-use assets and operating lease liabilities are recognized based on the present value of future minimum lease payments over the lease term at commencement date.

All real estate leases are recorded on the balance sheet. Equipment and other non-real estate leases with an initial term of twelve months or less are not recorded on the balance sheet. Lease agreements for some locations provide for rent escalations and renewal options. Certain real estate leases require payment for fixed and variable non-lease components, such as taxes, insurance and maintenance. The Company accounts for real estate leases and the related fixed non-lease components together as a single component.

The Company determines if an arrangement is a lease at inception. The Company must consider whether the contract conveys the right to control the use of an identified asset. Certain arrangements require significant judgment to determine if an asset is specified in the contract and if the Company directs how and for what purpose the asset is used during the term of the contract. For the years ended December 31, 2023, 2022 and 2021 the Company recorded operating lease expense of $48,231 thousand, $43,985 thousand and $34,124 thousand, respectively.

Other information related to operating leases as of December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Weighted average remaining lease term (years)	11.75	11.64
Weighted average discount rate	12.40%	12.42%

Maturities of lease liabilities for operating leases as of December 31, 2023 were as follows:

	Maturities of Lease Liability		
Year Ending December 31,	**Third-Party**	**Related Party**	**Total**
		(in thousands)	
2024	$ 43,633	$ 437	$ 44,070
2025	41,845	343	42,188
2026	41,073	350	41,423
2027	41,420	357	41,777
2028	40,863	364	41,227
2029 and Thereafter	318,590	1,364	319,954
Total Lease Payments	527,424	3,215	530,639
Less: Interest	(267,672)	(1,206)	(268,878)
Present Value of Lease Liability	**$ 259,752**	**$ 2,009**	**$ 261,761**

(b) Related Party Operating Leases

Wendy Berger, a director of the Company, is a principal of WBS Equities, LLC, which is the Manager of Mosaic Real Estate, LLC, which owned the facilities leased by the Company. Additionally, Mosaic Real Estate, LLC is owned in part by Ms. Berger (through the Wendy Berger 1998 Revocable Trust), Benjamin Kovler, the Chairman and Chief Executive Officer of the Company (through KP Capital, LLC), and Anthony Georgiadis, the President and a director of the Company (through Three One Four Holdings, LLC). On December 16, 2022, the Company purchased land located at 5401 NW 44th Ave. Ocala, Florida for $5,584 thousand, excluding transaction costs, from Mosaic Real Estate Ocala, LLC. This transaction resulted in the termination of the Florida related party leasing agreement. For the years ended December 31, 2023, 2022 and 2021, the Company recorded lease expense of $553 thousand, $1,129 thousand and $1,185 thousand, respectively, associated with these leasing arrangements.

7. LEASES *(Continued)*

(c) Sales Lease Back Transactions

(i) Danville Cultivation and Processing Facility

On November 12, 2019, the Company closed a sale and lease back transaction to sell its Danville, Pennsylvania cultivation and processing facility to Innovative Industrial Properties, Inc. ("IIP").

On June 29, 2022 the Company amended (the "Amendment") its original lease agreement with IIP. The Amendment provided an additional tenant improvement allowance of $55,000 thousand to be used on enhancements to the facility. In addition to the tenant improvement allowance of $19,300 thousand received in November 2019, the total tenant improvement allowance provided by IIP was $74,300 thousand, and brings IIP's total investment in the property to $94,600 thousand. The Amendment to the lease was treated as a modification and resulted in a gain of $3,061 thousand as well as an increase in the right of use asset and related lease liability to $81,720 thousand.

8. NOTES PAYABLE

At December 31, 2023 and 2022, notes payable consisted of the following:

	December 31, 2023	December 31, 2022
	(in thousands)	
Charitable Contributions[1]	$ 351	$ 764
Private placement debt dated April 30, 2021[2]	221,680	237,795
Mortgage notes[3]	86,492	37,109
Total notes payable	308,523	275,668
Less: current portion of notes payable	(2,996)	(1,037)
Notes payable, net of current portion	**$ 305,527**	**$ 274,631**

[1] In connection with acquisitions completed in 2017 and 2019, the Company committed to provide quarterly charitable contributions of $50 thousand through October 2024 and $250 thousand per year through May 2024, respectively. The net present value of these payments has been recorded as a liability with interest rates ranging between 2.17% - 7.00%.

[2] The April 30, 2021 private placement debt, as amended on October 21, 2021 (the "April 30, 2021 Notes") were issued in an aggregate amount of $249,934 thousand with an interest rate of 7%, maturing on April 30, 2025. The outstanding principal balance of the April 30, 2021 Notes was $224,435 thousand and $249,934 thousand, and are recorded net of debt discount, the carrying value of which was $2,755 thousand and $12,139 thousand, as of December 31, 2023 and 2022, respectively.

[3] The Company has issued various mortgage notes at an aggregate value of $88,785 thousand and $38,292 thousand in connection with various operating properties as of December 31, 2023 and 2022, respectively. The mortgage notes were issued at a discount, the carrying value of which was $725 thousand and $437 thousand, and are presented net of principal payments of $1,568 thousand and $746 thousand as of December 31, 2023 and 2022, respectively.These mortgage notes mature between August 20, 2025 and June 5, 2035 with interest rates ranging between 5.00% and 7.77%.

Annual maturities of debt related to mortgage notes for the five fiscal years subsequent to December 31, 2023 are: 2024 - $2,643 thousand; 2025 - $4,268 thousand; 2026 - $3,012 thousand; 2027 - $3,241 thousand; and 2028 - $15,197 thousand.

(a) April 30, 2021 Private Placement Financing

On April 30, 2021, the Company closed a $249,934 thousand senior secured non-brokered private placement financing through the issuance of senior secured notes (the "April 30, 2021 Notes"). The Company used the proceeds to retire the Company's existing $105,466 thousand, senior secured notes due May 22, 2023 (the "May 22, 2019 Notes") and the remaining proceeds for general working capital purposes as well as various growth initiatives. The April 30, 2021 Notes originally had a maturity date of April 30, 2024 and bore interest from the date of issue of 7.00% per annum, payable quarterly. The purchasers of the April 30, 2021 Notes also received 1,459,044 warrants (the "Warrants"), which allow the holder to purchase one Subordinate Voting Share at an exercise price of $32.68 per share, for a period of 60 months from the date of issuance.

On October 15, 2021, the Company amended its existing Note Purchase Agreement with the Second Amended Note Purchase Agreement dated April 30, 2021 (the "April 30, 2021 Note Purchase Agreement"), for the purposes of borrowing an additional $33,200 thousand, as permitted under the April 30, 2021 Notes Purchase Agreement (issued as "Amended Notes"). The additional borrowings had terms consistent with the April 30, 2021 Notes and increased the total amount borrowed to $249,934 thousand. The Company used the additional proceeds for general working capital purposes as well as various growth initiatives. The purchasers of the Amended Notes received an additional 243,303 warrants which allow the holder to purchase one Subordinate Voting Share at an exercise price of $30.02 per share, for a period of 60 months from the date of issue.

The April 30, 2021 Note Purchase Agreement included certain covenants which require the Company to maintain (on a daily basis) unrestricted cash and cash equivalents in an amount greater than or equal to the amount of interest scheduled to become due in the next 365-days and to not permit the ratio of net debt to stockholders' equity to exceed 0.6 to 1.0 as of the last day of any quarter. In addition, the Company is required to maintain a debt to EBITDA ratio of 4.5 to 1.0 as of the last day of each quarter. As of December 31, 2023 and 2022, the Company was in compliance with all covenants.

8. NOTES PAYABLE *(Continued)*

(a) April 30, 2021 Private Placement Financing *(Continued)*

On July 14, 2022, the Company exercised its right to extend the maturity date of the Notes by one year from April 30, 2024 to April 30, 2025. The extension to the maturity date did not involve any amendment to the April 30, 2021 Notes or any additional consideration to the existing lenders.

From October 19, 2023 through November 30, 2023, the Company repurchased $25,500 thousand of the April 30, 2021 Notes held by unrelated third-party lenders at 95% of their original value. In connection with the repurchase, the Company also wrote-off $350 thousand of the associated unamortized debt discount.

A portion of the April 30, 2021 Notes are held by related parties as well as unrelated third-party lenders at a percentage of approximately 1% and 99%, respectively. The related parties consist of Benjamin Kovler, the Chairman and Chief Executive Officer of the Company (held through KP Capital, LLC and Outsiders Capital, LLC); Andrew Grossman, the Executive Vice President of Capital Markets of the Company (held through AG Funding Group, LLC); Anthony Georgiadis, the President and a director of the Company (held through Three One Four Holdings, LLC); and Anthony Georgiadis and William Gruver, a former director of the Company (held through ABG, LLC).

(b) Low Moor, Virginia Mortgage Note

On October 12, 2022, the Company entered into a construction-to-permanent financing arrangement (the "Construction Loan") which provided funding for the construction of a CPG facility at Low Moor, Virginia in an amount up to $31,000 thousand. On October 23, 2023, the Construction Loan converted into a $30,998 thousand mortgage note bearing interest of 7.75% per annum, with a maturity date of October 1, 2034. The mortgage includes certain covenants requiring the Company to maintain certain financial ratios related to its ability to service the debt. As of December 31, 2023, the Company was in compliance with all covenants associated with the mortgage.

(c) Ocala, Florida Mortgage Note

On December 7, 2023, the Company closed on a $15,000 thousand mortgage note associated with its Ocala, Florida CPG facility bearing an interest rate of 7.45% per annum, with a maturity date of December 31, 2028. The interest rate on the mortgage is subject to a compensating balance threshold, which, if the Company falls below such threshold, the lender may increase the interest rate of the mortgage to 9.45% per annum. In addition, the mortgage includes various covenants requiring the Company to maintain certain financial ratios related to its ability to service the debt. As of December 31, 2023, the Company was in compliance with all covenants associated with the mortgage.

(d) Cottage Grove, Minnesota Mortgage Note

On December 14, 2023, the Company closed on a $17,000 thousand mortgage note associated with its Cottage Grove CPG facility bearing an interest rate of 7.75% per annum, with a maturity date of January 1, 2029. The mortgage includes a covenant requiring the Company to maintain certain financial ratios related to its ability to service the debt. As of December 31, 2023, the Company was in compliance with all covenants associated with the mortgage.

9. WARRANTS

As part of the Company's private placement financing, as well as other financing arrangements, the Company issued warrants to related parties, as well as unrelated third parties, which allow the holders to purchase Subordinate Voting Shares at an exercise price determined at the time of issuance.

The following table summarizes the number of warrants outstanding as of December 31, 2023 and 2022:

	Liability Classified				Equity Classified			
	Number of Shares		Weighted Average Exercise Price (C$)	Weighted Average Remaining Contractual Life	Number of Shares		Weighted Average Exercise Price (USD)	Weighted Average Remaining Contractual Life
Balance as of December 31, 2022	1,997,208	C$	18.03	1.50	1,737,347	$	31.83	3.38
Balance as of December 31, 2023	1,997,208	C$	18.03	0.50	1,737,347	$	31.83	2.38

(a) Liability Classified Warrants Outstanding

In certain instances, the Company issued warrants with an exercise price denominated in Canadian dollars whereas the Company's functional currency is USD. As a result, upon issuance and at each reporting date, the Company is required to classify such warrants as a liability and remeasures the fair value of the warrants using a Monte Carlo Simulation model.

The following table summarizes the fair value of the liability classified warrants at December 31, 2023 and 2022:

Warrant Liability	Strike Price	Warrants Outstanding		Fair Value December 31, 2023		Fair Value December 31, 2022		Change
				(in thousands)				
Private Placement Financing Warrants Issued May 2019	C$19.39	1,606,533	$	1,673	$	3,125	$	(1,452)
Modification Warrants Issued November 2019	C$12.04	316,947		1,151		1,139		12
Additional Modification Warrants Issued May 2020	C$14.03	73,728		293		256		37
Totals		**1,997,208**	**$**	**3,117**	**$**	**4,520**	**$**	**(1,403)**

During the years ended December 31, 2023, 2022 and 2021, the Company recorded gains of $1,403 thousand, $20,357 thousand, and $14,577 thousand, respectively, on the change in the fair value of the warrant liability within other income (expense) on the consolidated statements of operations. As of December 31, 2023, the warrant liability was classified as a current liability and recorded within accrued liabilities on the consolidated balance sheets.

The following table summarizes the significant assumptions used in determining the fair value of the warrant liability as of each reporting date (see Note 14—Fair Value Measurements for additional details):

Significant Assumptions	December 31, 2023	December 31, 2022
Volatility	61.76% - 74.31%	70.44% - 78.21%
Remaining Term	0.39-1.39 years	1.39 - 2.39 years
Risk Free Rate	3.91%	3.82% - 4.07%

9. WARRANTS *(Continued)*

(b) Equity Classified Warrants Outstanding

In certain instances, the Company issued warrants with an exercise price denominated in USD and, consequently, classified such warrants as equity. Equity classified warrants are recorded at fair value at each respective date of issuance and not remeasured on a recurring basis. Such warrants are carried at their issuance date fair value.

The following table summarizes the carrying amounts of the Company's equity classified warrants at December 31, 2023 and 2022:

			Issuance Date Fair Value	
Warrants Included in Contributed Surplus	**Strike Price**	**Warrants Outstanding**	**December 31, 2023**	**December 31, 2022**
			(in thousands)	
Mortgage Warrants Issued June 2020	$ 9.10	35,000	$ 181	$ 181
Private Placement Refinance Warrants Issued April 2021	$ 32.68	1,459,044	22,259	22,259
Private Placement Refinance Warrants Issued October 2021	$ 30.02	243,303	2,616	2,616
Totals		**1,737,347**	**$ 25,056**	**$ 25,056**

The equity classified warrants were valued as of the date of issuance using a Black Scholes Option Pricing model. The following table summarizes the significant assumptions used in determining the fair value of the equity classified warrants as of each respective issuance date:

Significant Assumptions	**Private Placement Refinancing Warrants**	**Private Placement Refinancing Warrants**	**Mortgage Warrants**
Date of Issuance	October 15, 2021	April 30, 2021	June 5, 2020
Volatility	73%	73%	80%
Estimated Term	4 years	4 years	5 years
Risk Free Rate	1.12%	0.74%	0.37%

10. SHARE CAPITAL

Common shares, which include the Company's Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares, are classified as equity. Incremental costs directly attributable to the issuance of common shares are recognized as a deduction from equity. The proceeds from the exercise of stock options or warrants together with amounts previously recorded in reserves over the applicable vesting periods are recorded as share capital. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with *ASC 740*, *Income Taxes*.

(a) Authorized

The Company has the following classes of share capital, with each class having no par value:

(i) Subordinate Voting Shares

The holders of the Subordinate Voting Shares are entitled to receive dividends which may be declared from time to time and are entitled to one vote per share at meetings of the Company's shareholders. All Subordinate Voting Shares are ranked equally with regard to the Company's residual assets. The Company is authorized to issue an unlimited number of no par value Subordinate Voting Shares. During the year ended December 31, 2023, the shareholders of the Company converted 35,000 Multiple Voting Shares into 3,500,000 Subordinate Voting Shares.

(ii) Multiple Voting Shares

Each Multiple Voting Share is entitled to 100 votes per share at shareholder meetings of the Company and is exchangeable for 100 Subordinate Voting Shares. At December 31, 2023, the Company had 38,531 issued and outstanding Multiple Voting Shares, which convert into 3,853,100 Subordinate Voting Shares. The Company is authorized to issue an unlimited number of Multiple Voting Shares. During the year ended December 31, 2023, the shareholders of the Company converted 35,000 Super Voting Shares into 35,000 Multiple Voting Shares and 35,000 Multiple Voting Shares into 3,500,000 Subordinate Voting Shares.

(iii) Super Voting Shares

Each Super Voting Share is entitled to 1,000 votes per share at shareholder meetings of the Company and is exchangeable for one Multiple Voting Share, which is then convertible into 100 Subordinate Voting Shares. At December 31, 2023, the Company had 216,690 issued and outstanding Super Voting Shares which convert into 21,669,000 Subordinate Voting Shares. The Company is authorized to issue an unlimited number of Super Voting Shares. During the year ended December 31, 2023, the shareholders of the Company converted 35,000 Super Voting Shares into 35,000 Multiple Voting Shares.

(Amounts Expressed in Thousands of United States Dollars, Except Where Stated Otherwise)

10. SHARE CAPITAL *(Continued)*

(b) Issued and Outstanding

A reconciliation of the beginning and ending amounts of the issued and outstanding shares by class is as follows:

	Issued and Outstanding		
	Subordinate Voting Shares	Multiple Voting Shares	Super Voting Shares
As at January 1, 2021	178,113,221	40,289	312,031
Issuance of shares under business combinations and investments	12,904,675	—	—
Distribution of contingent consideration	881,357	—	—
Distribution of deferred shares	222,467	—	—
Issuance of common shares pursuant to S-1	4,693,991	—	—
Issuance of shares for redemption of noncontrolling interests	136,075	—	—
Issuance of shares upon exercise of options and warrants	1,302,682	—	—
Issuances of shares upon vesting of RSUs	389,530	—	—
Shares issued in association with notes payable	8,514	—	—
Shares issued for settlement of business dispute	240,000	—	—
Exchange of shares	2,875,800	(1,758)	(27,000)
As at December 31, 2021	**201,768,312**	**38,531**	**285,031**
As at January 1, 2022	201,768,312	38,531	285,031
Issuance of shares under business combinations and investments	204,036	—	—
Distribution of contingent consideration	667,080	—	—
Issuance of shares upon exercise of options and warrants	441,454	—	—
Issuances of shares upon vesting of RSUs	433,341	—	—
Shares issued for settlement of business obligation	142,952	—	—
Exchange of shares	3,334,100	—	(33,341)
As at December 31, 2022	**206,991,275**	**38,531**	**251,690**
As at January 1, 2023	206,991,275	38,531	251,690
Distribution of contingent consideration	1,614,871	—	—
Distribution of deferred shares	680,089	—	—
Issuance of shares upon exercise of options	477,545	—	—
Issuances of shares upon vesting of RSUs	451,138	—	—
Repurchase of Subordinate Voting Shares	(3,843,126)	—	—
Exchange of shares	3,500,000	—	(35,000)
As at December 31, 2023	**209,871,792**	**38,531**	**216,690**

(i) Issuance of Shares Under Business Combinations and Investments

ILDISP, LLC

On March 1, 2022, the Company issued 204,036 Subordinate Voting Shares with a value of approximately $3,785 thousand, based on a 20 consecutive day volume weighted average price (“VWAP”), in connection with the Company's acquisition of the remaining ownership interests in two Illinois-based retail stores. The shares issued resulted in an increase in the Company's share capital and a corresponding increase in the net assets acquired.

10. SHARE CAPITAL *(Continued)*

(b) Issued and Outstanding *(Continued)*

(ii) Distribution of Contingent Consideration

Integral Associates, LLC

In connection with the Company's 2019 acquisition of Integral Associates, LLC, the purchase agreement included contingent consideration which was dependent upon the awarding of conditional and final dispensary operating licenses ("License Milestones"). During the year ended December 31, 2021, the Company issued a total of 681,364 Subordinate Voting Shares to the former owners of Integral Associates, LLC in connection with the awarding of two License Milestones. The shares had a combined fair value of $17,869 thousand, which was recorded in share capital on the consolidated balance sheet. As of December 31, 2023, any remaining License Milestones had expired.

Dharma Pharmaceuticals, LLC

In connection with the Company's 2021 acquisition of Dharma Pharmaceuticals, LLC ("Dharma"), the purchase agreement included contingent consideration of up to $65,000 thousand in Subordinate Voting Shares of Green Thumb, which was dependent upon 1) the successful opening of five retail stores in the Virginia area within the first three years of following the signing of the agreement and 2) the legal sale of adult-use cannabis in a retail store on or before January 1, 2025 (the "Recreational Sales Milestone").

The following table provides an overview of store count, share quantities, and the fair value of shares at the issuance date:

Dharma Pharmaceuticals, LLC

Date of issuance	# of stores opened	Number of Subordinate Voting Shares issued	Fair Value in thousands
August 16, 2021	1	199,993	$5,949
February 25, 2022	2	667,080	13,111
June 1, 2023	1	822,447	6,070
July 10, 2023	1	792,424	6,454
Total	5	**2,481,944**	**$31,584**

As of December 31, 2023 and 2022, the estimated fair value of the contingent consideration associated with the acquisition of Dharma, which was valued based on a probability weighting of the potential payments, was $33,250 thousand and $41,943 thousand, respectively. As of December 31, 2022, $11,400 thousand of the total value of the contingent consideration was included within current liabilities on the Company's consolidated balance sheets. As of December 31, 2023, no portion of the contingent consideration was included within current liabilities on the Company's consolidated balance sheets.

On February 9, 2024, the Company and the former owners of Dharma agreed to amend the conditions as set forth in the original purchase agreement in relation to the Recreational Sales Milestone (the "Amended Agreement"). Under the Amended Agreement, the former owners waived their right to the Recreational Sales Milestone in exchange for the delivery of 1,250,000 Subordinate Voting Shares of Green Thumb. As a result, the Company recorded a gain of $16,810 thousand during Q1 2024 within sales general and administrative expenses on the consolidated statement of operations, representing the extinguishment of the Recreational Sales Milestone obligation less the estimated fair value of the shares under the Amended Agreement. On February 15, 2024, the Company distributed the shares to the former owners of Dharma, which had a fair market value of $17,259 thousand, which was based on the value of the shares as traded on the Canadian Securities Exchange on the date of distribution.

(Amounts Expressed in Thousands of United States Dollars, Except Where Stated Otherwise)

10. SHARE CAPITAL *(Continued)*

(b) Issued and Outstanding *(Continued)*

(iii) Distribution of Deferred Shares

As part of the consideration exchanged for certain acquisitions completed throughout 2021, the Company deferred the distribution of Subordinate Voting Shares to secure the Company's indemnification rights associated with post-acquisition costs.

The following table summarizes the activity during the years ended December 31, 2023, 2022 and 2021:

	Related Acquisition								
	For Success Holding Company	Southern CT Wellness and Healing	Liberty Compassion, Inc.	Dharma Pharmaceuticals, LLC	Mobley Pain Management and Wellness Center, LLC and Canwell Processing, LLC	GreenStar Herbals, Inc.	Maryland Health and Wellness Center, Inc.	LeafLine Industries, LLC	Total
As at January 1, 2021	147,095	32,205	—	—	—	—	—	—	179,300
Issued	—	—	260,419	229,878	303,599	161,306	61,832	386,002	1,403,036
Distributed Shares	(146,315)	(32,204)	(43,948)	—	—	—	—	—	(222,467)
Cancelled Shares	(780)	(1)	—	—	—	—	—	—	(781)
Other	—	—	—	—	(38,839)	—	—	—	(38,839)
As at December 31, 2021	—	—	216,471	229,878	264,760	161,306	61,832	386,002	1,320,249
As at January 1, 2022	—	—	216,471	229,878	264,760	161,306	61,832	386,002	1,320,249
Distributed Shares	—	—	—	—	—	—	—	—	—
Cancelled Shares	—	—	—	—	—	—	—	—	—
Other	—	—	(1,703)	—	—	—	—	—	(1,703)
As at December 31, 2022	—	—	214,768	229,878	264,760	161,306	61,832	386,002	1,318,546
As at January 1, 2023	—	—	214,768	229,878	264,760	161,306	61,832	386,002	1,318,546
Distributed Shares	—	—	(214,768)	(229,878)	(12,305)	(161,306)	(61,832)	—	(680,089)
Cancelled Shares	—	—	—	—	(84,122)	—	—	—	(84,122)
Other	—	—	—	—	—	—	—	—	—
As at December 31, 2023	—	—	—	—	168,333	—	—	386,002	554,335

As of December 31, 2023 and 2022, the Company held deferred shares in the amount of $12,973 thousand and $36,211 thousand, respectively. In accordance with the relevant acquisition agreement, a portion of the outstanding deferred shares were cancelled in order to indemnify the Company for post-acquisition costs. As the cancellation of the deferred shares occurred outside of the purchase price allocation measurement period (generally one year from the acquisition date), the Company recorded a gain of $2,784 thousand within selling general and administrative expenses on the Company's consolidated statements of operations during the year ended December 31, 2023.

(iv) Issuance of Registered Shares Pursuant to S-1

On February 8, 2021, the SEC declared effective the Company's Registration Statement No. 333-248213 on Form S-1 filed on February 2, 2021. Shortly thereafter, the Company received an offer from a single institutional investor to purchase 3,122,074 of the Subordinate Voting Shares registered on the Form S-1 at a price of $32.03 per share for a total of $100,000 thousand. The transaction closed on February 9, 2021. On February 23,2021, the Company accepted additional offers to purchase a total of 1,571,917 Subordinate Voting Shares at a price of $35.50 per share, for a total of $55,803 thousand. The Company used the net proceeds from the sale of registered securities for general corporate purposes, which include capital expenditures, working capital and general and administrative expenses. The Company also used a portion of the net proceeds to acquire or invest in businesses and products that are complimentary to the Company's own businesses and products. Additionally, the Company incurred legal, audit and other professional fees of $305 thousand associated with the issuance of the registered shares. Such fees have been recorded within contributed surplus (deficit) within the Company's consolidated balance sheet.

(Amounts Expressed in Thousands of United States Dollars, Except Where Stated Otherwise)

10. SHARE CAPITAL *(Continued)*

(b) Issued and Outstanding *(Continued)*

(v) Repurchase of Subordinate Voting Shares

On September 5, 2023, the Company announced that its Board of Directors authorized the Company to repurchase up to 5%, or 10,486,951 of its Subordinate Voting Shares over a 12-month period at an aggregate cost of up to $50,000 thousand. Through December 31, 2023, the Company repurchased 3,843,126 Subordinate Voting Shares at an average price of $10.37 per share.

On February 28, 2024, the Company's Board of Directors authorized an increase in its share repurchase program by $50,000 thousand, bringing the total remaining repurchase ability to approximately $60,000 thousand.

(c) Stock-Based Compensation

The Company operates equity settled stock-based remuneration plans for its eligible directors, officers, employees and consultants. All goods and services received in exchange for the grant of any stock-based payments are measured at their fair value unless the fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods and services received, the Company measures their value indirectly by reference to the fair value of the equity instruments granted. For transactions with employees and others providing similar services, the Company measures the fair value of the services by reference to the fair value of the equity instruments granted. Equity settled stock-based payments under stock-based payment plans are ultimately recognized as an expense in profit or loss with a corresponding credit to equity.

In June 2018, the Company established the Green Thumb Industries Inc. 2018 Stock and Incentive Plan, which was amended by Amendment No. 1 and Amendment No. 2 thereto (as amended, the "Plan"). The maximum number of RSUs and options issued under the Plan shall not exceed 10% of the Company's issued and outstanding shares on an as-converted basis.

The Company recognizes compensation expense for RSUs and options on a straight-line basis over the requisite service period of the award. Non-market vesting conditions are included in the assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from the previous estimate. Any cumulative adjustment prior to vesting is recognized in the current period with no adjustment to prior periods for expense previously recognized.

Option and RSU grants generally vest over three years, and options typically have a life of five to ten years. Option grants are determined by the Compensation Committee of the Company's Board of Directors with the option price set at no less than 100% of the fair market value of a share on the date of grant.

Stock option activity is summarized as follows:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
Balance as of December 31, 2022	9,577,947	$12.71	4.80	$26,961
Granted	2,451,405	7.90		
Exercised	(477,545)	7.58		
Forfeited	(1,480,340)	12.86		
Balance as of December 31, 2023	10,071,467	$11.75	4.31	$22,442
Exercisable as of December 31, 2023	3,467,131	$7.99	2.79	$11,282

The aggregate intrinsic value in the table above represents the total pre-tax intrinsic value (the difference between the Company's closing stock price on December 31, 2023 and 2022, respectively, and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had all option holders exercised their in-the-money options on December 31, 2023 and 2022, respectively. This amount will change in future periods based on the fair market value of the Company's Subordinate Voting Shares and the number of options outstanding.

10. SHARE CAPITAL *(Continued)*

(c) Stock-Based Compensation *(Continued)*

The following table summarizes the weighted average grant date fair value and intrinsic value of options exercised for the year ended December 31, 2023, 2022 and 2021:

	Years Ended December 31, 2023	2022	2021
Weighted average grant date fair value (per share) of stock option units granted	$4.24	$5.37	$14.47
Intrinsic value of stock option units exercised, using market price at exercise date *(in thousands)*	$996	$2,390	$18,142

The Company used the Black-Scholes Option Pricing model to estimate the fair value of the options granted during the years ended December 31, 2023 and 2022, using the following ranges of assumptions:

	December 31, 2023	December 31, 2022
Risk-free interest rate	3.06% - 4.32%	1.18% - 3.54%
Expected dividend yield	0%	0%
Expected volatility	64%	60% - 64%
Expected option life	3.5 – 4.5 years	3 – 4.5 years

As permitted under *ASC 718, Stock Compensation*, the Company has made an accounting policy choice to account for forfeitures when they occur.

The following table summarizes the number of non-vested RSU awards as of December 31, 2023 and 2022 and the changes during the year ended December 31, 2023:

	Number of Shares	Weighted Average Grant Date Fair Value
Unvested Shares at December 31, 2022	947,502	$ 17.91
Granted	3,607,667	7.87
Forfeited	(483,393)	10.39
Vested	(451,138)	15.17
Unvested Shares at December 31, 2023	3,620,638	$ 9.25

The following table summarizes the weighted average grant date fair value of RSUs granted and total fair value of RSUs vested for the years ended December 31, 2023, 2022 and 2021:

	Years Ended December 31, 2023	2022	2021
Weighted average grant date fair value (per share) of RSUs granted	$ 7.87	$ 17.84	$ 27.82

The stock-based compensation expense for the years ended December 31, 2023, 2022 and 2021 was as follows:

	Years Ended December 31, 2023	2022	2021
		(in thousands)	
Stock options expense	$ 16,826	$ 19,062	$ 13,198
Restricted Stock Units	11,363	8,078	6,402
Total Stock Based Compensation Expense	$ 28,189	$ 27,140	$ 19,600

As of December 31, 2023, $40,121 thousand of total unrecognized expense related to stock-based compensation awards is expected to be recognized over a weighted-average period of 1.96 years.

11. INCOME TAX EXPENSE

The Company accounts for income taxes in accordance with ASC 740 - *Income Taxes*, under which deferred tax assets and liabilities are recognized based upon anticipated future tax consequences attributable to differences between financial statement carrying values of assets and liabilities and the respective tax basis.

Green Thumb Industries Inc. is organized in Canada but maintains all of its operations in the United States. Due to this inverted entity structure, the Company is subject to both US and Canadian taxation.

For the years ended December 31, 2023, 2022 and 2021, income taxes expense consisted of:

	Years Ended December 31,		
	2023	2022	2021
		(in thousands)	
Current:			
Federal	$ 108,399	$ 106,425	$ 96,749
State	24,674	36,436	35,402
Foreign	—	—	—
Total Current	133,073	142,861	132,151
Deferred:			
Federal	(10,694)	(37,362)	(6,151)
State	(3,749)	(10,722)	(1,388)
Foreign	—	—	—
Total Deferred	(14,443)	(48,084)	(7,539)
Total	**$ 118,630**	**$ 94,777**	**$ 124,612**

The difference between the income tax expense for the years ended December 31, 2023, 2022 and 2021 and the expected income taxes based on the statutory tax rate applied to earnings (loss) arises as follows:

11. INCOME TAX EXPENSE *(Continued)*

	Years Ended December 31,		
	2023	2022	2021
	(in thousands)		
Income before Income Taxes	$ 156,049	$ 108,432	$ 204,975
Statutory Tax Rates	21%	21%	21%
Expense/(Recovery) based on Statutory Rates	32,770	22,771	43,045
State Taxes	21,514	24,077	31,476
Provision to Return Adjustment	(9,188)	499	971
Adjustments for Stock Compensation	2,082	497	(1,836)
Non-deductible Expenses	49,635	40,870	40,847
Change in State Rate Reconciliation	(27)	(127)	54
Change in Valuation Allowance	32	(25,970)	10,712
Change in Uncertain Tax Position	23,362	30,607	2,776
Other Differences	(1,550)	1,553	(3,433)
Income Tax Expense	$ **118,630**	$ **94,777**	$ **124,612**

Income taxes paid for the years ended December 31, 2023, 2022 and 2021 were $99,535 thousand, $118,176 thousand and $148,104 thousand, respectively.

As the Company operates in the cannabis industry, it is subject to the limitations of IRC Section 280E under which the Company is 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. Therefore, the effective tax rate can be highly variable and may not necessarily correlate with pre-tax income or loss.

Deferred taxes are provided using an asset and liability method whereby deferred tax assets are recognized based on the rates at which they are expected to reverse in the future. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis. The effect on deferred tax assets and liabilities of a change in tax law or tax rates is recognized in income in the period that enactment occurs.

At December 31, 2023 and 2022, the components of deferred tax assets and liabilities were as follows:

	Years Ended December 31,	
	2023	2022
	(in thousands)	
Deferred Tax Assets		
Operating Lease Liabilities	$ 58,591	$ 60,588
Net Operating Losses	734	1,864
163(j) Interest Limitation	7,313	7,499
Stock-based Compensation	14,166	10,646
Capitalized Inventory	7,725	5,846
Fair Value Investments	8,875	3,306
Other	7,084	5,391
Valuation Allowance	(734)	(702)
Total Deferred Tax Assets	103,754	94,438
Deferred Tax Liabilities		
Operating Right of Use Assets	$ (53,040)	$ (56,546)
Warrant Fair Value Derivative	(5,097)	(4,804)
Intangibles	(50,594)	(52,508)
Total Deferred Tax Liabilities	(108,731)	(113,858)
Net Deferred Tax Liabilities	**$ (4,977)**	**$ (19,420)**

11. INCOME TAX EXPENSE *(Continued)*

Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company assessed the positive and negative evidence to determine if sufficient future taxable income will be generated to use the existing deferred tax assets. A valuation allowance is maintained as of December 31, 2023 and 2022 in the amount of $734 thousand and $702 thousand, respectively.

As of December 31, 2023, the Company had $2,630 thousand of gross federal net operating loss carryforwards which will not expire. Additionally, the Company had $2,108 thousand of gross state net operating loss carryforwards, if not claimed, begin to expire in 2031. The Company's evaluation concluded that the majority of the net operating losses will be realized.

Pursuant to IRC Sections 382 and 383, utilization of net operating losses and credits may be subject to annual limitations in the event of any significant future changes in its ownership structure. These annual limitations may result in the expiration of net operating losses and credits prior to utilization.

The Company operates in a number of tax jurisdictions and are subject to examination of its income tax returns by tax authorities in those jurisdictions who may challenge any item on these returns. Because the tax matters challenged by tax authorities are typically complex, the ultimate outcome of these challenges is uncertain. In accordance with ASC 740, *Income Taxes*, the Company recognizes the benefits of uncertain tax positions in our consolidated financial statements only after determining that it is more likely than not that the uncertain tax positions will be sustained.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2023	2022	2021
	(in thousands)		
Balance at Beginning of Year	**$ 43,130**	**$ 13,117**	**$ 10,341**
Gross increases related to tax positions in a prior period	8,919	9,531	823
Gross decreases related to tax positions in a prior period	(3,193)	(1,100)	—
Gorss increases related to tax positions in the current period	17,676	21,582	6,166
Gross decreases related to tax positions in a current period	(40)	—	(4,213)
Balance at End of Year	**$ 66,492**	**$ 43,130**	**$ 13,117**

The Company recognizes accrued interest and penalties related to unrecognized tax benefits in the provision for income taxes. As of December 31, 2023, 2022 and 2021, we recognized $10,042 thousand, $3,555 thousand and $1,377 thousand of interest and penalties, respectively. As of December 31, 2023 and 2022 we have accrued for interest and penalties of $14,617 thousand and $4,575 thousand of interest and penalties, respectively. As of December 31, 2023, $5,565 thousand of unrecognized tax benefits are expected to be recovered over the next 12 months. We file income tax returns in the US, various state jurisdictions, and Canada, which jurisdictions have varying statutes of limitations. The US federal statute of limitation remains open for the 2020 tax year to the present. The state income tax returns generally remain open for the 2020 tax year through the present. Net operating loss arising prior to these years are also open to examination if and when utilized.

12. OTHER INCOME (EXPENSE)

For the years ended December 31, 2023, 2022 and 2021 other income (expense) was comprised of the following:

	Years Ended December 31,		
	2023	2022	2021
	(in thousands)		
Fair value adjustments on equity investments	$ (17,868)	$ (23,270)	$ 5,955
Fair value adjustments on equity method investments	—	10,955	—
Gain (loss) on extinguishment of debt	1,283	—	(10,645)
Fair value adjustments on warrants issued	1,403	20,357	14,577
Earnings (loss) from equity method investments	(1,166)	(4,259)	1,799
Other	141	716	(1,009)
Total Other Income (Expense)	**$ (16,207)**	**$ 4,499**	**$ 10,677**

13. COMMITMENTS AND CONTINGENCIES

The Company is subject to lawsuits, investigations and other claims related to employment, commercial and other matters that arise out of operations in the normal course of business. Periodically, the Company reviews the status of each significant matter and assesses the potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable, and the amount can be reasonably estimated, such amount is recognized in other liabilities.

Contingent liabilities are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period and are discounted to present value where the effect is material. The Company performs evaluations to identify contingent liabilities for contracts. Contingent consideration is measured upon acquisition and is estimated using probability weighting of potential payouts. Subsequent changes in the estimated contingent consideration from the final purchase price allocation are recognized in the Company's consolidated statements of operations.

(a) Contingencies

The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, sanctions, restrictions on its operations, or losses of licenses and permits that could result in the Company ceasing operations in that specific state or local jurisdiction. While management believes that the Company is in compliance with applicable local and state regulations at December 31, 2023 and 2022, cannabis and other regulations continue to evolve and are subject to differing interpretations. As a result, the Company may be subject to regulatory fines, penalties, or restrictions in the future.

(b) 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. The following is an update to the status of previously disclosed matters as of December 31, 2023:

> Cresco Labs New York, LLC and Cresco Labs LLC ("Plaintiffs") filed an amended complaint (the "Complaint") against one of the Company's subsidiaries, Fiorello Pharmaceuticals, Inc. ("Defendant") on November 20, 2018, in the Supreme Court of the State of New York, alleging Defendant breached the parties' Equity Purchase Agreement Letter of Intent relating to the acquisition of Defendant by Plaintiffs. On October 18, 2023, all pending motions were withdrawn and Plaintiffs' claims were dismissed with prejudice. Accordingly, the Company reduced its loss contingency associated with the Complaint from $900 thousand as of December 31, 2022 to $0 at December 31, 2023.

At December 31, 2023 and 2022, other than as discussed above, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's consolidated operations. There are 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.

(c) Construction Commitments

As of December 31, 2023, the Company held approximately $7,200 thousand of open construction commitments to contractors on work being performed which are generally expected to be completed within 12 months.

14. FAIR VALUE MEASUREMENTS

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:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

(a) Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, investments, accounts payable and accrued liabilities, notes payable, warrant liability, and contingent consideration payable.

For the Company's long-term notes payable (which consist of charitable contributions, private placement debt and mortgage notes), for which there were no quoted market prices or active trading markets, it was not practicable to estimate the fair value of these financial instruments. The carrying amount of notes payable at December 31, 2023 and 2022 was $308,523 thousand and $275,668 thousand, which includes $2,996 thousand and $1,037 thousand, respectively, of short-term debt due within one year.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements.

The following tables summarize the Company's financial instruments which are measured at fair value as of December 31, 2023 and 2022:

	As of December 31, 2023 (in thousands)			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and Cash Equivalents	$ 161,634	$ —	$ —	$ 161,634
Investments	24,215	—	40,146	64,361
Contingent Consideration Payable	—	—	(33,250)	(33,250)
Warrant Liability	—	—	(3,117)	(3,117)
	$ 185,849	**$ —**	**$ 3,779**	**$ 189,628**

	As of December 31, 2022 (in thousands)			
	Level 1	**Level 2**	**Level 3**	**Total**
Cash and Cash Equivalents	$ 177,682	$ —	$ —	$ 177,682
Investments	24,749	—	49,420	74,169
Contingent Consideration Payable	—	—	(41,943)	(41,943)
Warrant Liability	—	—	(4,520)	(4,520)
	$ 202,431	**$ —**	**$ 2,957**	**$ 205,388**

14. FAIR VALUE MEASUREMENTS *(Continued)*

(b) Remeasurement of Contingent Consideration Arrangements

The Company remeasured its contingent consideration arrangements associated with its 2021 acquisitions of Mobley Pain Management and Wellness Center LLC and Canwell Processing LLC (collectively "Summit") and GreenStar Herbals Inc. ("GreenStar") using Monte Carlo simulation models. During the years ended December 31, 2022 and 2021, the remeasurement resulted in a net gain of $35,200 thousand and $11,900 thousand, respectively. No gains or losses were recorded during the year ended December 31, 2023 as the liabilities were fully extinguished as of December 31, 2022. The change in the fair value of the contingent consideration was driven by a change in management's estimates and projections of the acquired entities' ability to achieve the performance targets as agreed to in the 2021 acquisition agreements along with the change in fair value of the shares to be issued.

The remeasurement gains were recorded, net, within selling, general, and administrative expenses on the Company's consolidated statements of operations. Significant assumptions used in the Company's December 31, 2022 and 2021 remeasurement included Green Thumb's stock price as of December 31, 2022 and 2021 and projected earnings metrics and revenue targets as of each period then ended.

15. SEGMENT REPORTING

The Company operates in two segments: the cultivation, production and sale of cannabis products to retail stores ("Consumer Packaged Goods") and retailing of cannabis to patients and consumers ("Retail"). The Company does not allocate operating expenses to these business units, nor does it allocate specific assets. Additionally, the Chief Operating Decision Maker does not review total assets or net income (loss) by segments; therefore, such information is not presented below.

The below table presents revenues by type for the years ended December 31, 2023, 2022 and 2021:

	Years Ended December 31,		
	2023	2022	2021
		(in thousands)	
Revenues, Net of Discounts			
Retail	$ 791,480	$ 763,166	$ 614,739
Consumer Packaged Goods	559,480	495,101	467,258
Intersegment Eliminations	(296,407)	(240,892)	(188,437)
Total Revenues, Net of Discounts	**$ 1,054,553**	**$ 1,017,375**	**$ 893,560**
Depreciation and Amortization			
Retail	$ 37,568	$ 43,498	$ 31,619
Consumer Packaged Goods	63,222	53,166	36,839
Intersegment Eliminations	—	—	—
Total Depreciation and Amortization	**$ 100,790**	**$ 96,664**	**$ 68,458**
Income Taxes			
Retail	$ 64,060	$ 53,869	$ 66,908
Consumer Packaged Goods	54,570	40,908	57,704
Intersegment Eliminations	—	—	—
Total Income Taxes	**$ 118,630**	**$ 94,777**	**$ 124,612**

Goodwill assigned to the Consumer Packaged Goods segment as of December 31, 2023 and 2022 was $315,889 thousand and $315,889 thousand, respectively. Intangible assets, net assigned to the Consumer Packaged Goods segment as of December 31, 2023 and 2022 was $260,186 thousand and $286,922 thousand, respectively.

Goodwill assigned to the Retail segment as of December 31, 2023 and 2022 was $273,802 thousand and $273,802 thousand, respectively. Intangible assets, net assigned to the Retail segment as of December 31, 2023 and 2022 was $278,492 thousand and $302,597 thousand, respectively.

The Company's assets are aggregated into two reporting units (Retail and Consumer Packaged Goods) which align with our reportable segments. All revenues are derived from customers domiciled in the United States and all assets are located in the United States.

16. QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table contains selected quarterly data for 2023 and 2022. The information should be read in conjunction with the Company's financial statements and related notes included elsewhere in this Annual Report on Form 10-K. The Company believes that the following information reflects all normal recurring adjustments necessary for a fair presentation of the information for the periods presented. The operating results for any quarter are not necessarily indicative of results for any future period.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
			(in thousands)		
2023					
Net Sales	$ 248,536	$ 252,388	$ 275,398	$ 278,231	$ 1,054,553
Income from operations	44,202	41,063	49,027	50,340	184,632
Net Income attributable to Green Thumb Industries Inc.	9,139	13,400	10,512	3,216	36,267
Net Income per share – basic	0.04	0.05	0.05	0.01	0.15
Net Income per share – diluted	0.04	0.05	0.05	0.01	0.15
Weighted average number of common shares outstanding - basic	237,398,253	238,000,135	239,459,783	236,934,348	237,927,867
Weighted average number of common shares outstanding - diluted	237,686,092	238,423,288	240,289,959	239,162,831	239,827,390

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
			(in thousands)		
2022					
Net Sales	$ 242,600	$ 254,311	$ 261,194	$ 259,270	$ 1,017,375
Income (loss) from operations	54,552	62,263	48,761	(44,512)	121,064
Net Income (loss) attributable to Green Thumb Industries Inc.	28,939	24,437	9,829	(51,227)	11,978
Net Income (loss) per share – basic	0.12	0.11	0.04	(0.22)	0.05
Net Income (loss) per share – diluted	0.12	0.10	0.04	(0.22)	0.05
Weighted average number of common shares outstanding - basic	235,838,947	236,783,625	237,002,873	237,208,543	236,713,056
Weighted average number of common shares outstanding - diluted	238,225,420	237,762,903	237,804,799	237,208,543	238,080,030

Report of Independent Registered Public Accounting Firm

To the shareholders and the board of directors of Green Thumb Industries, Inc.:

Opinions on the Consolidated Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Green Thumb Industries, Inc. (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations, changes in shareholders' equity, and cash flows, for each of the three years in the period ended December 31, 2023, and the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework: (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in Internal Control – Integrated Framework: (2013) issued by COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Controls over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting 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 the 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill Impairment Evaluation

Critical Audit Matter Description

As described in Note 2 to the consolidated financial statements, the Company tests goodwill for impairment annually, or more frequently if events have occurred or circumstances exist that indicate the carrying amount of goodwill may not be recoverable. The Company has recorded $590 million of goodwill as of December 31, 2023. The Company performed the optional qualitative assessment to determine whether it was more likely than not (that is a likelihood of more than 50 percent) that the fair value of the reporting units was less than their carrying amounts, including goodwill.

While the impairment test did not result in the recording of any impairment loss, the impairment analysis requires management to make significant judgments in performing its assessment including the evaluation of macroeconomic conditions, industry and market conditions, cost factors, overall financial performance, other entity-specific events, events affecting the reporting units, and trends in the Company’s share price.

Auditing management’s impairment analysis is complex due to the judgments required to evaluate management’s assessment of those factors identified above.

How We Addressed the Matter in Our Audit

The primary procedures we performed to address this critical audit matter included:

- We tested internal controls over the Company’s annual goodwill impairment analysis, including assumptions used by management in conducting its impairment analysis, including controls addressing:
    - Management’s assessment of potential triggering events indicating potential impairment.
    - Management’s identification of reporting units evaluated for potential impairment.
    - Management’s assessment of qualitative factors that may indicate potential impairment.
- Substantively tested the appropriateness of the judgments and assumptions used by management in conducting its impairment analysis, including:
    - Confirmed the appropriateness of the reporting units evaluated in performing management’s impairment analysis.
    - Evaluated the factors management considered in its qualitative assessment to determine that goodwill was not impaired, including the evaluation of macroeconomic conditions, industry and market conditions, cost factors, the past financial performance of the reporting units, the projected financial performance of the reporting units, other entity-specific events, events affecting the reporting units, and trends in the Company’s share price.

We have served as the Company's auditor since 2021.

/s/ Baker Tilly US, LLP
Chicago, Illinois

February 29, 2024

Exhibit 4.2

**DESCRIPTION OF the Registrant's securities
Registered pursuant to section 12 of the
securities exchange act of 1934**

As of February 29, 2024, Green Thumb Industries Inc. ("we," "us," "our," "Company," "Corporation" or "Green Thumb") has three classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"): our Subordinate Voting Shares, our Multiple Voting Shares and our Super Voting Shares.

The following is a summary of certain terms of our Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares. This summary does not purport to be complete and is subject to, and qualified in its entirety by, our Amended and Restated Articles (the "Articles"), which is included as an exhibit to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part, as well as the provisions of applicable law.

Authorized Share Capital

Under our Articles, we are authorized to issue an unlimited number of Subordinate Voting Shares, without nominal or par value, an unlimited number of Multiple Voting Shares, without nominal or par value, and an unlimited number of Super Voting Shares, without nominal or par value.

As of February 19, 2024, our issued and outstanding capital stock consisted of: (i) 211,630,766 Subordinate Voting Shares; (ii) 37,683 Multiple Voting Shares; and (iii) 216,690 Super Voting Shares.

The Multiple Voting Shares are convertible 1-for-100 into Subordinate Voting Shares, under the circumstances and subject to the conditions described herein. The Super Voting Shares are convertible 1-for-1 into Multiple Voting Shares, under the circumstances and subject to the conditions described herein.

The total number of equity shares assuming all are converted into Subordinate Voting Shares would be 237,068,066 Subordinate Voting Shares.

Subordinate Voting Shares

Notice and Voting Rights. Holders of Subordinate Voting Shares are entitled to notice of and to attend at any meeting of our shareholders, except a meeting of which only holders of another particular class or series of our shares have the right to vote. At each such meeting, holders of Subordinate Voting Shares are entitled to one vote in respect of each Subordinate Voting Share held.

Class Rights. As long as any Subordinate Voting Shares remain outstanding, we will not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right attached to the Subordinate Voting Shares. Holders of Subordinate Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of Green Thumb.

Liquidation Rights. In the event of the liquidation, dissolution or winding-up of Green Thumb, whether voluntary or involuntary, or in the event of any other distribution of our assets among our shareholders for the purpose of winding up our affairs, the holders of Subordinate Voting Shares will, subject to the prior rights of the holders of any of our shares ranking in priority to the Subordinate Voting Shares, be entitled to participate ratably along with all other holders of Subordinate Voting Shares, Multiple Voting Shares (on an as-converted to Subordinate Voting Shares basis) and Super Voting Shares (on an as-converted to Subordinate Voting Shares basis).

Conversion Rights. In the event that an offer is made to purchase Multiple Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Multiple Voting Shares are then listed, to be made to all or substantially all the holders of Multiple Voting Shares in a given province or territory of Canada to which these requirements apply, each Subordinate Voting Share shall become convertible at the option of the holder into Multiple Voting Shares at the inverse of the Conversion ratio, currently 1 Multiple Voting Share into 100 Subordinate Voting Shares or 1 Super Voting Share into 1 Multiple Voting Share, as applicable, at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may only be exercised in respect of Subordinate Voting Shares for the purpose of depositing the resulting Multiple Voting Shares pursuant to the offer, and for no other reason. In such event, our transfer agent shall deposit the resulting Multiple Voting Shares on behalf of the holder. Should the Multiple Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by shareholders or not taken up by the offeror, or should the offer be abandoned or withdrawn, the Multiple Voting Shares resulting from the conversion shall be automatically reconverted, without further intervention on the part of Green Thumb or on the part of the holder, into Subordinate Voting Shares at the conversion ratio then in effect.

Dividend Rights. Holders of Subordinate Voting Shares are entitled to receive, as and when declared by our directors, dividends in cash or our property. No dividend will be declared or paid on the Subordinate Voting Shares unless we simultaneously declare or pay, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Shares basis) on the Multiple Voting Shares and Super Voting Shares.

Change in Control. No subdivision or consolidation of the Subordinate Voting Shares, Multiple Voting Shares or Super Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

Multiple Voting Shares

Notice and Voting Rights. Holders of Multiple Voting Shares are entitled to notice of and to attend any meeting of our shareholders, except a meeting of which only holders of another particular class or series of our shares have the right to vote. At each such meeting, holders of Multiple Voting Shares are entitled to one vote in respect of each Subordinate Voting Share into which such Multiple Voting Share could then be converted (currently 100 votes per Multiple Voting Share held).

Class Rights. As long as any Multiple Voting Shares remain outstanding, Green Thumb will not, without the consent of the holders of the Multiple Voting Shares by separate special resolution, prejudice or interfere with any right attached to the Multiple Voting Shares. Holders of Multiple Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of our Subordinate Voting Shares, or bonds, debentures or other securities.

Liquidation Rights. In the event of the liquidation, dissolution or winding-up of Green Thumb, whether voluntary or involuntary, or in the event of any other distribution of our assets among our shareholders for the purpose of winding up our affairs, the holders of Multiple Voting Shares will, subject to the prior rights of the holders of any of our shares ranking in priority to the Multiple Voting Shares, be entitled to participate ratably along with all other holders of Multiple Voting Shares (on an as-converted to Subordinate Voting Share basis), Subordinate Voting Shares and Super Voting Shares (on an as-converted to Subordinate Voting Share basis).

Conversion Rights. The Multiple Voting Shares each have a restricted right to convert into 100 Subordinate Voting Shares, subject to adjustments for certain customary corporate changes. The ability to convert the Multiple Voting Shares is subject to a restriction that the aggregate number of Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares held of record, directly or indirectly, by residents of the United States (as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Exchange Act), may not exceed 40% of the aggregate number of Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares issued and outstanding after giving effect to such conversions and to a restriction on beneficial ownership of Subordinate Voting Shares exceeding certain levels. In addition, the Multiple Voting Shares will be automatically converted into Subordinate Voting Shares in certain circumstances, including upon the registration of the Subordinate Voting Shares under the United States Securities Act of 1933, as amended.

In the event that an offer is made to purchase Subordinate Voting Shares and the offer is one which is required, pursuant to applicable securities legislation or the rules of a stock exchange on which the Subordinate Voting Shares are then listed, to be made to all or substantially all the holders of Subordinate Voting Shares in a given province or territory of Canada to which these requirements apply, each Multiple Voting Share shall become convertible at the option of the holder into Subordinate Voting Shares at the Conversion ratio at any time while the offer is in effect until one day after the time prescribed by applicable securities legislation for the offeror to take up and pay for such shares as are to be acquired pursuant to the offer. The conversion right may be exercised in respect of Multiple Voting Shares for the purpose of depositing the resulting Multiple Voting Shares pursuant to the offer. Should the Subordinate Voting Shares issued upon conversion and tendered in response to the offer be withdrawn by shareholders or not taken up by the offeror, or should the offer be abandoned or withdrawn, the Subordinate Voting Shares resulting from the conversion shall be automatically reconverted, without further intervention on our part or on the part of the holder, into Multiple Voting Shares at the inverse of the conversion ratio then in effect.

Dividend Rights. The holders of the Multiple Voting Shares are entitled to receive such dividends as may be declared and paid to holders of the Subordinate Voting Shares in any financial year as our Board may by resolution determine, on an as-converted to Subordinate Voting Share basis. No dividend will be declared or paid on the Multiple Voting Shares unless we simultaneously declare or pay, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Subordinate Voting Shares and Super Voting Shares.

Change in Control. No subdivision or consolidation of the Subordinate Voting Shares, Multiple Voting Shares or Super Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

Super Voting Shares

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

Class Rights. As long as any Super Voting Shares remain outstanding, Green Thumb will not, without the consent of the holders of the Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Super Voting Shares. Additionally, consent of the holders of a majority of the outstanding Super Voting Shares will be required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Super Voting Shares. In connection with the exercise of the voting rights in respect of any such approvals, each holder of Super Voting Shares will have one vote in respect of each Super Voting Share held. The holders of Super Voting Shares will not be entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of our Subordinate Voting Shares, bonds, debentures or other securities not convertible into Super Voting Shares.

Liquidation Rights. In the event of the liquidation, dissolution or winding-up of Green Thumb, whether voluntary or involuntary, or in the event of any other distribution of our assets among our shareholders for the purpose of winding up our affairs, the holders of Super Voting Shares will, subject to the prior rights of the holders of any of our shares ranking in priority to the Super Voting Shares, be entitled to participate ratably along with all other holders of Super Voting Shares (on an as-converted to Subordinate Voting Share basis), Subordinate Voting Shares and Multiple Voting Shares (on an as-converted to Subordinate Voting Share basis).

Conversion Rights. Each Super Voting Share has a right to convert into 1 Multiple Voting Share subject to customary adjustments for certain corporate changes.

Conversion at the Option of Green Thumb. We have the right to convert all or some of the Super Voting Shares from a holder of Super Voting Shares into an equal number of Multiple Voting Shares subject to customary adjustments for certain corporate changes:

(a) upon the transfer by the holder thereof to anyone other than (i) an immediate family member of Benjamin Kovler, Peter Kadens, Anthony Georgiadis or Andrew Grossman (who we refer to as the Initial Holders) or a transfer for purposes of estate or tax planning to a company or person that is wholly beneficially owned by an Initial Holder or immediate family members of an Initial Holder or which an Initial Holder or immediate family members of an Initial Holder are the sole beneficiaries thereof; or (ii) a party approved by the us (who, together with the Initial Holders, we refer to as the Permitted Holders); or

(b) if at any time the aggregate number of issued and outstanding Super Voting Shares beneficially owned, directly or indirectly, by an Initial Holder of the Super Voting Shares and the Initial Holder's predecessor or transferor, permitted transferees and permitted successors, divided by the number of Super Voting Shares beneficially owned, directly or indirectly, by the holder (and the Initial Holder's predecessor or transferor, permitted transferees and permitted successors) as at the date of completion of the business combination whereby we, 1165318 B.C. Ltd. (a wholly-owned subsidiary of Bayswater Uranium Corporation), VCP23, LLC, GTI23, Inc. and GTI Finco Inc. combined our respective businesses, is less than 50%. The Initial Holders of Super Voting Shares will, from time to time upon our request, provide us with evidence as to such Initial Holders' direct and indirect beneficial ownership (and that of our permitted transferees and permitted successors) of Super Voting Shares to enable us to determine if our right to convert has occurred. For purposes of these calculations, a holder of Super Voting Shares will be deemed to beneficially own Super Voting Shares held by an intermediate company or fund in proportion to their equity ownership of such company or fund, unless such company or fund holds such shares for the benefit of such holder, in which case they will be deemed to own 100% of such shares held for their benefit.

We are not required to convert Super Voting Shares on a prorated basis among the holders of Super Voting Shares.

Transfer Restrictions. There are no transfer restrictions in our Articles for the Super Voting Shares, subject to conversion rights at our option (see "Conversion at the Option of Green Thumb" above).

Dividend Rights. The holders of the Super Voting Shares are entitled to receive such dividends as may be declared and paid to holders of the Subordinate Voting Shares in any financial year as the Board may by resolution determine, on an as-converted to Subordinate Voting Share basis. No dividend will be declared or paid on the Super Voting Shares unless we simultaneously declare or pay, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Multiple Voting Shares and Subordinate Voting Shares.

Change in Control. No subdivision or consolidation of the Subordinate Voting Shares, Multiple Voting Shares or Super Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

Transfer Agent

The transfer agent for our Subordinate Voting Shares is Odyssey Trust Company.

Listing

Our Subordinate Voting Shares are listed on OTCQX Best Market under the symbol “GTBIF.” Our Subordinate Voting Shares are also listed on the Canadian Securities Exchange under the symbol “GTII.”

List of Significant Subsidiaries of Green Thumb Industries Inc.

Entity Name	Formation	Formation Date	Corporate Structure	GTI Ownership
Green Thumb Industries Inc.	British Columbia, Canada	June 26, 1979	GTI Parent Company	N/A
GTI23, Inc.	Delaware, USA	May 10, 2018	U.S. Parent Company	100%
VCP23, LLC	Delaware, USA	November 27, 2017	Owns GTI Core, LLC	100%
Vision Management Services, LLC	Delaware, USA	November 11, 2016	Provides Management Services to GTI-Related Businesses	100%
VCP Real Estate Holdings, LLC	Delaware, USA	December 4, 2017	Holds Certain GTI-Owned Real Estate	100%
VCP IP Holdings, LLC	Delaware, USA	December 4, 2017	Holds Certain GTI-Owned Intellectual Property	100%
TWD18, LLC	Delaware, USA	June 1, 2018	Holds Certain GTI Investments	100%
GTI Core, LLC	Delaware, USA	February 21, 2017	Owns GTI's Interest in State-Licensed Businesses	100%
GTI-Clinic Illinois Holdings, LLC	Illinois, USA	June 26, 2014	Owns GTI's Illinois Licensed Entities	100%
GTI Maryland, LLC	Maryland, USA	April 30, 2015	Holds Maryland Licenses	100%
JB17, LLC	Delaware, USA	July 26, 2017	Management Services Company	100%
GTI Pennsylvania, LLC	Pennsylvania, USA	August 30, 2016	Holds Pennsylvania Licenses	100%
GTI Nevada, LLC	Nevada, USA	January 21, 2016	Holds Nevada Licenses	100%
RISE Holdings, Inc.	Massachusetts, USA	April 25, 2018 (Converted from Massachusetts Non-Profit)	Holds Massachusetts Licenses	100%
Ohio Investors 2017, LLC	Ohio, USA	June 22, 2017	Ohio Joint Venture Entity	99% Class A Units; 40% Class G Units
GTI Ohio, LLC	Ohio, USA	April 7, 2017	Holds Ohio Licenses	100%
GTI New Jersey, LLC	New Jersey, USA	April 19, 2018	Holds New Jersey Licenses	100%
Advanced Grow Labs, LLC	Connecticut, USA	July 31, 2012	Holds Connecticut Licenses	100%
Bluepoint Apothecary, LLC	Connecticut, USA	July 26, 2013	Holds Connecticut Bluepoint License	100%
Integral Associates, LLC	Nevada, USA	April 9, 2014	Holds Integral Nevada Licenses	100%
Integral Associates CA, LLC	California, USA	May 3, 2018	Holds Integral California Licenses	100%
For Success Holdings Company	Delaware, USA	April 20, 2015	Holds Beboe-Related Companies	100%

GTI Florida, LLC	Florida, USA	July 26, 2017	Florida Holding Company	100%
KSGNF, LLC	Florida, USA	August 9, 2012	Holds Florida License	100%
Fiorello Pharmaceuticals, Inc.	New York, USA	May 27, 2014	Holds New York Licenses	100%
GTI Virginia, LLC	Virginia, USA	May 4, 2018	Holds Virginia Licenses	100%
GTI Rhode Island, LLC	Rhode Island, USA	January 15, 2021	Holds Rhode Island Licenses	100%
LeafLine Industries, LLC	Minnesota, USA	August 27, 2014	Holds Minnesota Licenses	100%

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-3ASR (File No. 333-254745) and Form S-8 (File No. 333-236522) of Green Thumb Industries, Inc. of our report dated February 29, 2024, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this annual report on Form 10-K for the year ended December 31, 2023.

/s/ BAKER TILLY US, LLP

Chicago, Illinois
February 29, 2024

Exhibit 31.1

CERTIFICATE OF CHIEF EXECUTIVE OFFICER

I, Benjamin Kovler, certify that:

1. I have reviewed this Annual Report on Form 10-K of Green Thumb Industries Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/Benjamin Kovler

By: Benjamin Kovler
Title: Chief Executive Officer

Date: February 29, 2024

Exhibit 31.2

CERTIFICATE OF CHIEF FINANCIAL OFFICER

I, Mathew Faulkner, certify that:

1. I have reviewed this Annual Report on Form 10-K of Green Thumb Industries Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
    a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/Mathew Faulkner

By: Mathew Faulkner
Title: Chief Financial Officer

Date: February 29, 2024

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Green Thumb Industries Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Benjamin Kovler, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge, the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Benjamin Kovler

By: Benjamin Kovler
Title: Chief Executive Officer

Date: February 29, 2024

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Green Thumb Industries Inc. (the "Company") on Form 10-K for the fiscal year ended December 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mathew Faulkner, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge, the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/Mathew Faulkner

By: Mathew Faulkner
Title: Chief Financial Officer

Date: February 29, 2024

BOARD OF DIRECTORS

Ben Kovler
Chairman | Chief Executive Officer
& Founder

Anthony Georgiadis
Director | President

Dawn Wilson Barnes
Director
Aurora Bay Capital | President & Founder

Jeff Goldman
Director
Reed-Union Corporation | Former
Vice President

Ethan Nadelmann
Director
Drug Policy Alliance | Founder

Richard Reisin
Director | Chair of Audit Committee
Carylon Corporation | Former Executive Vice
President and Director

Hannah Ross
Director
Edie Parker | Chief Operating Officer

EXECUTIVE TEAM

Ben Kovler
Chairman | Chief Executive Officer
& Founder

Anthony Georgiadis
Director | President

Matt Faulkner
Chief Financial Officer

Bret Kravitz
General Counsel & Secretary

CONTACT

GTIGrows.com
investorrelations@gtigrows.com
312-471-6720

CONNECT

@GTIGrows
@GTIGrows
@GreenThumbIndustries
@GreenThumbIndustries

ANNUAL MEETING

The Annual General Meeting of
Shareholders will be held on Wednesday,
June 12, 2024 at 10:00 AM CT
www.virtualshareholdermeeting.com/GTBIF2024

INVESTOR INFORMATION

Investors should review financial information and other disclosures about Green Thumb Industries contained in its 2023 Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, current reports on Form 8-K, and other U.S. Securities Exchange Commission ("SEC") and Canadian System for Electronic Data Analysis and Retrieval ("SEDAR") filings, as well as press releases, all of which can be found on the company website or one of the following sites:
sec.gov | sedarplus.ca
Investor inquiries should be directed to:
Email | InvestorRelations@gtigrows.com
Phone | 310-622-8257

INDEPENDENT AUDITORS

Baker Tilly US, LLP

TRANSFER AGENT

Odyssey Trust Co.
United Kingdom Building
323-4096 Granville Street
Vancouver BC V6C 1T2
Phone | 587-885-0960

STOCK INFORMATION

Canadian Securities Exchange
(CSE): GTII
U.S. OTCQX Best Market: GTBIF

CONTACT INFORMATION

Green Thumb Industries Inc.
325 W. Huron Street | Suite 700
Chicago, IL 60654

USE OF NON-GAAP MEASURES

This Annual Report refers to Adjusted EBITDA which is a non-GAAP financial measure and defined as earnings before interest, other income, taxes, depreciation, amortization, less certain non-cash equity compensation expense, including one-time transaction fees and all other non-cash items. This measure does not have any standardized meaning prescribed by US GAAP and may not be comparable to similar measures presented by other issuers. Readers are urged to review "Non-GAAP Measures" in Green Thumb management's Discussion and Analysis included in the Form 10-K for the twelve months ended December 31, 2023, 2022 and 2021 for additional disclosure regarding Adjusted EBITDA.

FORWARD-LOOKING STATEMENTS

This Annual Report contains statements which constitute "forward-looking statements" or "forward-looking information" within the meaning of applicable securities laws, including the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements and forward-looking information include statements regarding the plans, intentions, beliefs and current expectations of Green Thumb Industries Inc. ("Green Thumb") with respect to future business activities. Readers are cautioned that forward-looking statements are not based on historical facts but instead reflect Green Thumb management's assumptions, expectations, estimates or projections concerning the business of Green Thumb and its industry. Although Green Thumb believes that the assumptions, expectations, estimates and projections reflected in such forward-looking information are reasonable, such information is subject to risks and uncertainties, including those risks described in Green Thumb's continuous disclosure record available on SEDAR+ at www.sedarplus.com and filings with the SEC and under the heading "Risk Factors" in Green Thumb's Annual Report on Form 10-K for the year ended December 31, 2023 and subsequent filings. Should one or more of these risks or uncertainties materialize, or should assumptions, estimates or projections underlying the forward-looking information prove incorrect, actual results may vary materially from those described herein. Although Green Thumb has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended. Undue reliance should not be placed on such forward-looking statements and Green Thumb does not intend, and does not assume any obligation, to update this forward-looking information except as otherwise required by applicable law.

DOGWALKERS
CANNABIS PRE-ROLLS

RYTHM

BEBOE

THE CREDIBLE EDIBLE
incredibles

&Shine

Doctor Solomon's

Good Green

325 W. HURON ST., CHICAGO, IL 60654 | 312.471.6720

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