

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2024

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 000-56468

JUSHI HOLDINGS INC.



(Exact name of registrant as specified in its charter)

British Columbia

(State or other jurisdiction of incorporation or organization)

**301 Yamato Road, Suite 3250
Boca Raton, FL**

(Address of principal executive offices)

98-1547061

(IRS Employer Identification No.)

33431
(Zip Code)

(561) 617-9100
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report.)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

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 days. 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, 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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input checked="" type="checkbox"/>		

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

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

As of November 1, 2024, the registrant had 196,696,597 subordinate voting shares, no par value per share, no multiple voting shares, no par value per share, no super voting shares, no par value per share, and no preferred shares, no par value per share, outstanding.

JUSHI HOLDINGS INC.

Table of Contents

For the quarterly period ended September 30, 2024

	Page
Part I FINANCIAL INFORMATION	
Item 1 Financial Statements	
Condensed Consolidated Balance Sheets	1
Unaudited Condensed Consolidated Statements of Operations and Comprehensive Income (Loss)	2
Unaudited Condensed Consolidated Statements of Changes in Equity (Deficit)	3
Unaudited Condensed Consolidated Statements of Cash Flows	5
Notes to the Unaudited Condensed Consolidated Financial Statements	7
Item 2 Management’s Discussion and Analysis of Financial Condition and Results of Operations	26
Item 3 Quantitative and Qualitative Disclosures About Market Risk	36
Item 4 Controls and Procedures	36
Part II OTHER INFORMATION	37
Item 1 Legal Proceedings	37
Item 1A Risk Factors	37
Item 2 Unregistered Sale of Equity Securities and Use of Proceeds	37
Item 3 Defaults Upon Senior Securities	37
Item 4 Mine Safety Disclosures	37
Item 5 Other Information	37
Item 6 Exhibits	39
Signature	40

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this “report”) may contain “forward-looking statements” and “forward-looking information” within the meaning of applicable securities laws, including Canadian securities legislation and United States (“U.S.”) securities legislation (collectively, “forward-looking information”) which are based upon the Company’s current internal expectations, estimates, projections, assumptions and beliefs. All information, other than statements of historical facts, included in this report that address activities, events or developments that the Company expects or anticipates will or may occur in the future constitutes forward-looking information. Forward-looking information is often identified by the words, “may”, “would”, “could”, “should”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “expect” or similar expressions and includes, among others, information regarding: future business strategy; competitive strengths, goals, expansion and growth of the Company’s business, operations and plans, including new revenue streams; the integration and benefits of recently acquired businesses or assets; roll out of new operations; the implementation by the Company of certain product lines; the implementation of certain research and development; the application for additional licenses and the grant of licenses that will be or have been applied for; the expansion or construction of certain facilities; the reduction in the number of our employees; the expansion into additional U.S. and international markets; any potential future legalization of adult use and/or medical marijuana under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; and other events or conditions that may occur in the future.

Readers are cautioned that forward-looking information is not based on historical facts but instead is based on reasonable assumptions and estimates of the management of the Company at the time they were provided or made and such information involves known and unknown risks, uncertainties, including our ability to continue as a going concern, and other factors that may cause the actual results, level of activity, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking information. Such factors include, among others: risks relating to U.S. regulatory landscape and enforcement related to cannabis, including political risks; risks relating to anti-money laundering laws and regulation; other governmental and environmental regulation; public opinion and perception of the cannabis industry; risks related to the economy generally; risks related to inflation, the rising cost of capital, and stock market instability; risks relating to pandemics and forces of nature; risks related to contracts with third party service providers; risks related to the enforceability of contracts; the limited operating history of the Company; the Company’s history of operating losses and negative operating cash flows; reliance on the expertise and judgment of senior management of the Company; risks inherent in an agricultural business; risks related to co-investment with parties with different interests to the Company; risks related to proprietary intellectual property and potential infringement by third parties; risks relating to the Company’s current amount of indebtedness; risks relating to the need to raise additional capital either through debt or equity financing; risks relating to the management of growth; costs associated with the Company being a publicly-traded company and a U.S. and Canadian filer; increasing competition in the industry; risks associated with cannabis products manufactured for human consumption including potential product recalls; reliance on key inputs, suppliers and skilled labor; reliance on manufacturers and contractors; risks of supply shortages or supply chain disruptions; cybersecurity risks; constraints on marketing products; fraudulent activity by employees, contractors and consultants; tax and insurance related risks; risk of litigation; conflicts of interest; risks relating to certain remedies being limited and the difficulty of enforcing judgments and effecting service outside of Canada; risks related to completed, pending or future acquisitions or dispositions, including potential future impairment of goodwill or intangibles acquired and/or post-closing disputes; sales of a significant amount of shares by existing shareholders; the limited market for securities of the Company; risks related to the continued performance of existing operations in California, Illinois, Massachusetts, Nevada, Ohio, Pennsylvania, and Virginia; risks related to the anticipated openings of additional dispensaries or relocation of existing dispensaries; risks relating to the expansion and optimization of the cultivation and/or processing facilities in Massachusetts, Nevada, Ohio, Pennsylvania and Virginia; risks related to opening new facilities, which is subject to licensing approval; limited research and data relating to cannabis; risks related to challenges from governmental authorities with respect to the Company’s tax credits; potential changes in federal policy and at regulatory agencies as a result of the upcoming United States 2024 presidential election; and risks related to the Company’s critical accounting policies and estimates. Refer to Part I - Item 1A. Risk Factors in the Company’s Annual Report on Form 10-K filed with the U.S. Securities and Exchange Commission on April 1, 2024 for more information.

Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such forward-looking information will prove to be accurate as actual results and future events could differ materially from those anticipated in such information. Accordingly, readers should not place undue reliance on the forward-looking information contained in this report or other forward-looking statements made by the Company. Forward-looking information is provided and made as of the date of this Quarterly Report on Form 10-Q and the Company does not undertake any obligation to revise or update any forward-looking information or statements other than as required by applicable law.

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

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

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

	September 30, 2024 (unaudited)	December 31, 2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 20,741	\$ 26,027
Restricted cash - current	—	3,128
Accounts receivable, net	2,311	3,380
Inventory, net	41,359	33,586
Prepaid expenses and other current assets	17,124	15,514
Total current assets	81,535	81,635
NON-CURRENT ASSETS:		
Property, plant and equipment, net	145,418	159,268
Right-of-use assets - finance leases	60,263	63,107
Other intangible assets, net	91,915	95,967
Goodwill	30,910	30,910
Other non-current assets	30,135	30,358
Restricted cash - non-current	2,150	2,150
Total non-current assets	360,791	381,760
Total assets	\$ 442,326	\$ 463,395
LIABILITIES AND EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable	\$ 20,112	\$ 15,383
Accrued expenses and other current liabilities	35,769	44,070
Income tax payable	2,660	5,190
Debt, net - current portion (including related party principal amounts of \$400 and \$3,298 as of September 30, 2024 and December 31, 2023, respectively)	1,781	86,514
Finance lease obligations - current	9,305	8,885
Derivative liabilities - current	156	2,418
Total current liabilities	69,783	162,460
NON-CURRENT LIABILITIES:		
Debt, net - non-current (including related party principal amounts of \$36,501 and \$19,788 as of September 30, 2024 and December 31, 2023, respectively)	183,710	126,041
Finance lease obligations - non-current	51,994	52,839
Derivative liabilities - non-current	6,407	220
Unrecognized tax benefits	136,088	100,343
Other liabilities - non-current	33,030	29,111
Total non-current liabilities	411,229	308,554
Total liabilities	481,012	471,014
COMMITMENTS AND CONTINGENCIES (Note 16)		
EQUITY (DEFICIT):		
Common stock, no par value: authorized shares - unlimited; issued and outstanding shares - 196,696,597 and 196,631,598 Subordinate Voting Shares as of September 30, 2024 and December 31, 2023, respectively	—	—
Paid-in capital	507,467	503,612
Accumulated deficit	(546,153)	(509,844)
Total Jushi shareholders' deficit	(38,686)	(6,232)
Non-controlling interests	—	(1,387)
Total deficit	(38,686)	(7,619)
Total liabilities and equity (deficit)	\$ 442,326	\$ 463,395

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

JUSHI HOLDINGS INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME (LOSS)

(In thousands of U.S. dollars, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
REVENUE, NET	\$ 61,611	\$ 65,377	\$ 191,665	\$ 201,675
COST OF GOODS SOLD	(33,612)	(36,863)	(98,770)	(112,666)
GROSS PROFIT	27,999	28,514	92,895	89,009
OPERATING EXPENSES	27,819	25,688	80,192	85,294
INCOME FROM OPERATIONS	180	2,826	12,703	3,715
OTHER INCOME (EXPENSE):				
Interest expense, net	(9,382)	(9,345)	(27,997)	(27,655)
Fair value gain (loss) on derivatives	2,628	(7,460)	2,840	1,660
Other, net	(477)	1,368	4,186	1,887
Total other income (expense), net	(7,231)	(15,437)	(20,971)	(24,108)
LOSS BEFORE INCOME TAX	(7,051)	(12,611)	(8,268)	(20,393)
Income tax expense	(8,965)	(8,011)	(28,041)	(26,705)
NET LOSS AND COMPREHENSIVE LOSS	<u>\$ (16,016)</u>	<u>\$ (20,622)</u>	<u>\$ (36,309)</u>	<u>\$ (47,098)</u>
LOSS PER SHARE - BASIC AND DILUTED	<u>\$ (0.08)</u>	<u>\$ (0.11)</u>	<u>\$ (0.19)</u>	<u>\$ (0.24)</u>
Weighted average shares outstanding - basic and diluted	<u>195,165,913</u>	<u>195,128,096</u>	<u>195,145,417</u>	<u>194,649,053</u>

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

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

	Nine Months Ended September 30, 2024					
	Subordinate Voting Shares	Paid-In Capital	Accumulated Deficit	Total Jushi Shareholders' Equity (Deficit)	Non- Controlling Interests	Total Equity (Deficit)
Balances - January 1, 2024	196,631,598	\$ 503,612	\$ (509,844)	\$ (6,232)	\$ (1,387)	\$ (7,619)
Shares issued upon exercise of stock options	3,333	2	—	2	—	2
Share-based compensation (including related parties)	—	1,524	—	1,524	—	1,524
Issuance of warrants	—	863	—	863	—	863
Net loss	—	—	(18,355)	(18,355)	—	(18,355)
Balances - March 31, 2024	196,634,931	\$ 506,001	\$ (528,199)	\$ (22,198)	\$ (1,387)	\$ (23,585)
Shares issued upon exercise of stock options	8,333	5	—	5	—	5
Share-based compensation (including related parties)	—	347	—	347	—	347
Deconsolidation of Jushi Europe	—	—	—	—	1,387	1,387
Net loss	—	—	(1,938)	(1,938)	—	(1,938)
Balances - June 30, 2024	196,643,264	\$ 506,353	\$ (530,137)	\$ (23,784)	\$ —	\$ (23,784)
Shares issued upon exercise of stock options	53,333	32	—	32	—	32
Share-based compensation (including related parties)	—	1,082	—	1,082	—	1,082
Net loss	—	—	(16,016)	(16,016)	—	(16,016)
Balances - September 30, 2024	196,696,597	\$ 507,467	\$ (546,153)	\$ (38,686)	\$ —	\$ (38,686)

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

	Nine Months Ended September 30, 2023					
	Subordinate Voting Shares	Paid-In Capital	Accumulated Deficit	Total Jushi Shareholders' Equity (Deficit)	Non- Controlling Interests	Total Equity (Deficit)
Balances - January 1, 2023	196,686,372	\$ 492,020	\$ (444,742)	\$ 47,278	\$ (1,387)	\$ 45,891
Shares canceled upon forfeiture of restricted stock, net of restricted stock grants	(53,001)	—	—	—	—	—
Share-based compensation (including related parties)	—	2,311	—	2,311	—	2,311
Net loss	—	—	(12,440)	(12,440)	—	(12,440)
Balances - March 31, 2023	196,633,371	\$ 494,331	\$ (457,182)	\$ 37,149	\$ (1,387)	\$ 35,762
Modification and reclassification of warrants	—	3,391	—	3,391	—	3,391
Share-based compensation (including related parties)	—	2,363	—	2,363	—	2,363
Net loss	—	—	(14,036)	(14,036)	—	(14,036)
Balances - June 30, 2023	196,633,371	\$ 500,085	\$ (471,218)	\$ 28,867	\$ (1,387)	\$ 27,480
Shares canceled upon forfeiture of restricted stock, net of restricted stock grants	(1,773)	—	—	—	—	—
Share-based compensation (including related parties)	—	1,056	—	1,056	—	1,056
Cashless exercise of options	—	(282)	—	(282)	—	(282)
Issuance of warrants	—	200	—	200	—	200
Net loss	—	—	(20,622)	(20,622)	—	(20,622)
Balances - September 30, 2023	196,631,598	\$ 501,059	\$ (491,840)	\$ 9,219	\$ (1,387)	\$ 7,832

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

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

	Nine Months Ended September 30,	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (36,309)	\$ (47,098)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization, including amounts in cost of goods sold	21,981	19,780
Share-based compensation	2,953	5,730
Fair value changes in derivatives	(2,840)	(1,660)
Non-cash interest expense, including amortization of deferred financing costs	5,062	4,603
Deferred income taxes and uncertain tax positions	25,652	19,831
Loss on debt extinguishment	362	—
Gain on deconsolidation of Jushi Europe	(1,896)	—
Other non-cash items, net	(247)	2,910
Changes in operating assets and liabilities:		
Accounts receivable	1,662	(1,511)
Inventory	(9,148)	(8,080)
Prepaid expenses and other current and non-current assets	(2,109)	564
Accounts payable, accrued expenses and other current liabilities	9,292	(2,896)
Net cash flows provided by (used in) operating activities	<u>14,415</u>	<u>(7,827)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payments for property, plant and equipment	(2,534)	(8,385)
Proceeds from sale of property, plant and equipment	2,723	2,321
Net cash flows provided by (used in) investing activities	<u>189</u>	<u>(6,064)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of options	39	—
Payments on promissory notes	(6,350)	—
Proceeds from term loans, net of debt discount of \$970	47,530	—
Payments on acquisition related credit facility	(60,125)	(2,438)
Payments of finance leases	(1,661)	(2,761)
Proceeds from mortgage loans	—	21,900
Payments of loan financing costs	(2,357)	(250)
Payments of mortgage loans	(270)	(160)
Proceeds from other financing activities	1,585	3,295
Payments of other financing activities	(1,409)	(2,372)
Net cash flows (used in) provided by financing activities	<u>(23,018)</u>	<u>17,214</u>
NET CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(8,414)	3,323
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, BEGINNING OF PERIOD	31,305	27,146
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, END OF PERIOD	<u>\$ 22,891</u>	<u>\$ 30,469</u>

JUSHI HOLDINGS INC.
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(In thousands of U.S. dollars)

	Nine Months Ended September 30,	
	2024	2023
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest (excluding capitalized interest)	\$ 22,798	\$ 22,159
Cash (received) paid for income taxes	\$ (3,829)	\$ 3,145
NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Capital expenditures	\$ 1,944	\$ 1,920
Right-of-use assets from finance lease liabilities	\$ 703	\$ 1,001
Issuance of second lien notes for settlement of accrued bonus	\$ 1,382	\$ 750
Issuance of second lien notes for debt exchange	\$ 4,750	\$ —
Warrants issued for debt exchange	\$ 863	\$ —
Warrants issued for term loans	\$ 6,765	\$ —

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

JUSHI HOLDINGS INC.

Notes to the Unaudited Condensed Consolidated Financial Statements

(Amounts Expressed in Thousands of U.S. dollars, Except Share and Per Share Amounts)



1. NATURE OF OPERATIONS

Jushi Holdings Inc. (the “Company” or “Jushi”) is incorporated under the British Columbia’s Business Corporations Act. The Company is a vertically integrated, multi-state cannabis operator engaged in retail, distribution, cultivation, and processing in both medical and adult-use markets. As of September 30, 2024, Jushi, through its subsidiaries, owns or manages cannabis operations and/or holds licenses in the adult-use and/or medicinal cannabis marketplace in California, Illinois, Massachusetts, Nevada, Ohio, Pennsylvania and Virginia. The Company’s head office is located at 301 Yamato Road, Suite 3250, Boca Raton, Florida 33431, United States of America, and its registered address is Suite 1700, Park Place, 666 Burrard Street, Vancouver, British Columbia V6C 2X8, Canada.

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

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Consolidation

The financial statements have been prepared in accordance with generally accepted accounting principles in the United States (“GAAP”) for interim financial information and in accordance with the rules and regulations of the U.S. Securities and Exchange Commission (“SEC”). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and footnotes. Actual results could differ materially from those estimates.

In the opinion of management, the unaudited condensed consolidated financial statements include all adjustments, of a normal recurring nature, that are necessary to present fairly the financial position, results of operations and cash flows of the Company for the periods, and at the dates, presented. The results for interim periods are not necessarily indicative of results that may be expected for any other interim period or for the full year.

These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2023, which are included in the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the SEC on April 1, 2024 (the “2023 Form 10-K”), and was also filed on the System for Electronic Document Analysis and Retrieval (“SEDAR”) on April 1, 2024. Consolidated balance sheet information as of December 31, 2023 presented herein is derived from the Company’s audited consolidated financial statements for the year ended December 31, 2023.

Going Concern and Liquidity

As reflected in the 2023 Form 10-K, the Company used net cash of \$3,318 for operating activities for the year ended December 31, 2023, and as of that date, the Company’s current liabilities exceeded its current assets by \$80,825. As of December 31, 2023 absent a refinancing, the Company would not meet its obligations within the next year and management believed that with a refinancing, the Company would meet its obligations. As a result, Management concluded, as stated in the 2023 Form 10-K, that substantial doubt existed about the Company’s ability to continue as a going concern within the next twelve months from the date the 2023 financial statements were issued.

For the nine months ended September 30, 2024, cash provided by operating activities was \$14,415, and as of September 30, 2024, the Company’s current assets exceeded its current liabilities by \$11,752. Consistent with Management’s conclusion as of June 30, 2024, substantial doubt about the Company’s ability to continue as a going concern no longer exists as of September 30, 2024.

JUSHI HOLDINGS INC.**Notes to the Unaudited Condensed Consolidated Financial Statements***(Amounts Expressed in Thousands of U.S. dollars, Except Share and Per Share Amounts)*

The unaudited condensed consolidated financial statements contained herein have been prepared on a going concern basis which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future, and do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or amounts and classification of liabilities that may result from the outcome of this uncertainty.

Summary of Significant Accounting Policies

The Company's significant accounting policies are described in Note 2 in the audited consolidated financial statements and notes thereto for the year ended December 31, 2023, which is included in the 2023 Form 10-K. Except as disclosed below, there have been no material changes to the Company's significant accounting policies.

Change in Accounting Estimate

In accordance with ASC 350, *Intangibles - Goodwill and Other*, the Company evaluates the remaining useful lives of intangible assets that are not being amortized each reporting period to determine whether events or circumstances continue to support an indefinite useful life. In May 2024, the Company sold one of its business licenses which was previously deemed to have an indefinite life. Furthermore, the Company continually evaluates its footprint and non-core assets, including licenses, as it executes its long-term strategies. In light of this, the Company determined that its business licenses no longer have indefinite useful lives. Additionally, the Company performed an impairment assessment immediately prior to the change and concluded that the business licenses were not impaired. As such, the Company commenced amortizing its business licenses with a gross value of \$82,401 effective June 1, 2024 on a straight-line basis over a 15-year period. Annual amortization is expected to be approximately \$5,493.

Cash, Cash Equivalents and Restricted Cash

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

	September 30, 2024 (unaudited)	December 31, 2023
Cash and cash equivalents	\$ 20,741	\$ 26,027
Restricted cash - current ⁽¹⁾	—	3,128
Restricted cash - non-current	2,150	2,150
Cash, cash equivalents and restricted cash	<u>\$ 22,891</u>	<u>\$ 31,305</u>

⁽¹⁾ Restricted cash - current primarily relates to the Manassas Mortgage. In April 2024, the lender released the entire \$3,128 of current restricted cash to the Company. Consequently, such cash is now unrestricted. Refer to Note 8 - Debt for more information.

Recent Accounting Pronouncements*Adoption of New Accounting Standards*

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

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*. The FASB issued guidance requires that an entity (acquirer)

JUSHI HOLDINGS INC.**Notes to the Unaudited Condensed Consolidated Financial Statements***(Amounts Expressed in Thousands of U.S. dollars, Except Share and Per Share Amounts)*

recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606. At the acquisition date, an acquirer should account for the related revenue contracts in accordance with Topic 606 as if it had originated the contracts. To achieve this, an acquirer may assess how the acquiree applied Topic 606 to determine what to record for the acquired revenue contracts. Generally, this should result in an acquirer recognizing and measuring the acquired contract assets and contract liabilities consistent with how they were recognized and measured in the acquiree's financial statements (if the acquiree prepared financial statements in accordance with generally accepted accounting principles). The amendments in this ASU are effective for annual and interim periods beginning after December 15, 2023, although early adoption is permitted. There was no impact to the consolidated financial statements upon adoption.

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

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

Accounting Standards Issued But Not Yet Adopted

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

3. INVENTORY, NET

The components of inventory, net, are as follows:

	September 30, 2024 (unaudited)	December 31, 2023
Cannabis plants	\$ 6,357	\$ 4,478
Harvested cannabis and packaging	10,424	10,994
Total raw materials	16,781	15,472
Work in process	6,143	4,293
Finished goods	18,435	13,821
Total inventory, net	<u>\$ 41,359</u>	<u>\$ 33,586</u>

JUSHI HOLDINGS INC.**Notes to the Unaudited Condensed Consolidated Financial Statements***(Amounts Expressed in Thousands of U.S. dollars, Except Share and Per Share Amounts)***4. PREPAID EXPENSES AND OTHER CURRENT ASSETS**

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

	September 30, 2024 (unaudited)	December 31, 2023
Employee retention credit receivable	\$ 10,140	\$ 10,140
Prepaid expenses and deposits	4,672	2,716
Assets held for sale	611	1,647
Other current assets	1,701	1,011
Total prepaid expenses and other current assets	<u>\$ 17,124</u>	<u>\$ 15,514</u>

The Coronavirus Aid, Relief, and Economic Security Act, passed in March 2020 and subsequently amended in 2021, allowed eligible employers to take credits on certain amounts of qualified wages if the Company experienced either a full or partial suspension of operations due to COVID related government orders. During the year ended December 31, 2023, the Company, with guidance from a third-party specialist, determined it was entitled to employee retention credit (“ERC”) claims of \$10,140 for previous business interruptions related to COVID and filed for such claims with the Internal Revenue Service (“IRS”). The ERC claims, which will be recognized in the consolidated statements of operations and comprehensive income (loss) when the Company receives the refunds of such claims from the IRS, were recorded as deferred income in Accrued expenses and other current liabilities, with an offsetting receivable amount in Prepaid expenses and other current assets within the consolidated balance sheets as of September 30, 2024 and December 31, 2023.

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

As of September 30, 2024, the Company determined that certain assets relating to one of its dispensaries located in Nevada, with total carrying value of \$611, met the criteria to be classified as assets held for sale, and therefore was reclassified from Property, plant and equipment, net to Assets held for sale, which is included in Prepaid expenses and other current assets in the consolidated balance sheet. The sale of the dispensary is expected to be completed within nine months of the balance sheet date.

Additionally, during the nine months ended September 30, 2024, the Company sold one of its business licenses in California which was previously written off, for a net gain of \$750. This amount was recorded in operating expenses in the consolidated statements of operations and comprehensive income (loss).

JUSHI HOLDINGS INC.**Notes to the Unaudited Condensed Consolidated Financial Statements***(Amounts Expressed in Thousands of U.S. dollars, Except Share and Per Share Amounts)***5. PROPERTY, PLANT AND EQUIPMENT**

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

	September 30, 2024 (unaudited)	December 31, 2023
Buildings and building components	\$ 88,158	\$ 88,527
Land	12,956	12,956
Leasehold improvements	46,778	46,660
Machinery and equipment	24,449	27,050
Furniture, fixtures and office equipment (including computer)	21,793	21,146
Construction-in-process	1,700	1,968
Property, plant and equipment, gross	195,834	198,307
Less: Accumulated depreciation	(50,416)	(39,039)
Property, plant and equipment, net	<u>\$ 145,418</u>	<u>\$ 159,268</u>

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

Depreciation was \$4,520 and \$3,815 for the three months ended September 30, 2024 and 2023, respectively, and \$14,403 and \$13,110 for the nine months ended September 30, 2024 and 2023, respectively. Interest expense capitalized to PPE totaled \$0 and \$54 for the three months ended September 30, 2024 and 2023, respectively, and \$0 and \$464 for the nine months ended September 30, 2024 and 2023, respectively.

As of September 30, 2024, the Company reclassified \$611 from Property, plant and equipment, net to Assets held for sale. Refer to Note 4 - Prepaid Expenses and Other Current Assets for additional information.

6. OTHER NON-CURRENT ASSETS

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

	September 30, 2024 (unaudited)	December 31, 2023
Operating lease assets	\$ 17,077	\$ 18,265
Indemnification assets	7,361	6,906
Net deferred tax assets	3,493	2,772
Deposits and escrows - properties	1,723	1,723
Deposits - equipment	422	422
Equity investment ⁽¹⁾	—	200
Other	59	70
Total other non-current assets	<u>\$ 30,135</u>	<u>\$ 30,358</u>

⁽¹⁾ The Company owns a 23.08% ownership interest in PV Culver City, LLC (“PVLLC”). The Company does not have significant influence over, and the Company does not have the right to vote or participate in the management of PVLLC and therefore the investment is measured at its fair value. Refer to Note 17 - Financial Instruments for more information relating to the fair value of this equity investment as of September 30, 2024, as well as loss on investment recorded.

JUSHI HOLDINGS INC.**Notes to the Unaudited Condensed Consolidated Financial Statements***(Amounts Expressed in Thousands of U.S. dollars, Except Share and Per Share Amounts)***7. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

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

	September 30, 2024 (unaudited)	December 31, 2023
Deferred income - ERC ⁽¹⁾	\$ 10,140	\$ 10,140
Goods received not invoiced	5,221	5,019
Accrued employee related expenses and liabilities	5,225	4,175
Operating lease obligations	4,641	4,693
Accrued sales and excise taxes	1,791	2,388
Accrued interest ⁽²⁾	1,529	4,106
Deferred revenue (loyalty program)	1,320	1,407
Accrued capital expenditures	739	702
Accrued professional and management fees	398	986
Acquisition-related milestone accrual ⁽²⁾	—	4,167
Contingent consideration liabilities ⁽²⁾	—	817
Other accrued expenses and current liabilities	4,765	5,470
Total accrued expenses and other current liabilities	\$ 35,769	\$ 44,070

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

⁽²⁾ This amount is related to Sammartino in connection with the acquisition of Nature's Remedy in September 2021. The acquisition-related milestone accrual of \$5,000 and accrued interest of \$3,030 as of September 30, 2024 was classified as other liabilities - non-current in the consolidated balance sheets, since the Company currently has no obligation to pay these amounts within the next 12 months from the balance sheet date. See further discussion of the Sammartino Matter in Note 16 - Commitments and Contingencies.

JUSHI HOLDINGS INC.

Notes to the Unaudited Condensed Consolidated Financial Statements

(Amounts Expressed in Thousands of U.S. dollars, Except Share and Per Share Amounts)



8. DEBT

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

	Effective Interest Rate	Maturity Date	September 30, 2024 (unaudited)	December 31, 2023
Principal amounts:				
Second Lien Notes	15%	December 2026	\$ 81,253	\$ 75,497
Term Loans	26%	September 2026 ⁽²⁾	48,500	—
Acquisition Facility	n/a	n/a	—	60,125
Acquisition-related promissory notes payable	8% - 12%	April 2027	22,114	35,716
Mortgage loans	6% - 11%	January 2027 - April 2028	29,192	29,456
Total debt subject to scheduled repayments			181,059	200,794
Promissory notes payable to Sammartino ⁽¹⁾	10%	September 2024 - September 2026	21,500	21,500
Jushi Europe debt	n/a	n/a	—	3,298
Total debt			202,559	225,592
Less: debt issuance costs and original issue discounts			(17,068)	(13,037)
Total debt, net			\$ 185,491	\$ 212,555
Debt, net - current portion			\$ 1,781	\$ 86,514
Debt, net - non-current portion			\$ 183,710	\$ 126,041

⁽¹⁾ This amount is related to the promissory notes issued to Sammartino in connection with the acquisition of Nature's Remedy in September 2021. The Company currently has no obligation to pay the principal and interest. See further discussion of the Sammartino Matter in Note 16 - Commitments and Contingencies for more information.

⁽²⁾ Matures the earlier of (a) January 31, 2027 and (b) the date that is 91 days prior to the final maturity of the Second Lien Notes.

Term Loans

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

Additionally, the Company issued 19,400,000 five-year warrants to purchase SVS of the Company (the "Warrants") at a strike price of \$1.00 per SVS. The Warrants were issued by the Company in connection with, but were detached from, the Term Loans. Refer to Note 9 - Derivative Liabilities for additional information.

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

JUSHI HOLDINGS INC.

Notes to the Unaudited Condensed Consolidated Financial Statements

(Amounts Expressed in Thousands of U.S. dollars, Except Share and Per Share Amounts)



Acquisition Facility

The Company's senior secured credit facility from Roxbury, LP, (the "Acquisition Facility") was repaid in full in July 2024 with the net proceeds from the Term Loans in the principal amount of \$47,530 and the remaining amount from cash on hand, resulting in a loss on extinguishment of \$900, which was recorded in other income (expense), net in the consolidated statements of operations and comprehensive income (loss) during the three and nine months ended September 30, 2024.

Promissory Note

In July 2024, the Company extinguished one of its acquisition-related promissory notes which had a principal balance of \$3,750 and a maturity date of August 11, 2024. The promissory note was redeemed at 96% of the principal amount and 50% of accrued and unpaid interest, resulting in a gain on extinguishment of \$140, which is recorded in other income (expense), net in the consolidated statements of operations and comprehensive income (loss) during the three and nine months ended September 30, 2024.

Jushi Europe

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

Second Lien Notes

On January 24, 2024, the Company entered into two Note Exchange Agreements (the "Note Exchange Agreements") with holders of approximately \$9,850 of the Company's unsecured debt (the "Existing Notes"). Upon closing of the transactions contemplated in the Note Exchange Agreements (the "Debt Exchange") on February 6, 2024, the holders of the Existing Notes delivered the Existing Notes to the Company for cancellation, and the Company: (1) issued to certain direct and beneficial holders of the Existing Notes an aggregate of \$4,750 principal amount of Second Lien Notes; (2) issued to certain direct and beneficial holders of the Existing Notes fully-detached warrants to purchase an aggregate of 1,800,000 of the Company's SVS, with each warrant having an exercise price of \$1.00 per SVS and an expiration of December 7, 2026; and (3) paid to the direct holders of the Existing Notes an aggregate of \$2,750 in cash. Refer to Note 10 - Equity for more information.

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

In September 2024, the Company, JMGT, LLC, and the Company's CEO entered into an amendment to his existing employment agreement (the "Fourth Amendment") pursuant to which the CEO received the \$950 annual cash bonus for the year 2024 in the following alternative form: (i) a lump sum cash payment of \$238, which was paid in October 2024, (ii) \$1,382 aggregate principal amount of Second Lien Notes due December 7, 2026 (the "Second Lien Notes"), which was issued in September 2024, and (iii) stock options granted under the 2019 Plan, expiring five years from the date of grant to purchase up to 1,062,732 of the Company's SVS at an exercise price of \$0.65.

JUSHI HOLDINGS INC.**Notes to the Unaudited Condensed Consolidated Financial Statements***(Amounts Expressed in Thousands of U.S. dollars, Except Share and Per Share Amounts)***Mortgage Loans**Arlington Mortgage

In December 2021, the Company entered into a \$6,900 mortgage loan agreement (the “Arlington Mortgage”), which is principally secured by the Company’s retail property in Arlington, Virginia. The Arlington Mortgage bears a fixed interest rate of 5.875% per annum, payable monthly, and will mature in January 2027.

Dickson City Mortgage

In July 2022, the Company entered into a \$2,800 mortgage loan agreement (the “Dickson City Mortgage”), which is principally secured by the Company’s retail property in Dickson City, Pennsylvania. The Dickson City Mortgage matures in July 2027 and bears interest at a variable rate equal to prime rate plus 2%. The interest rate as of September 30, 2024 was 10.5%.

Manassas Mortgage

In April 2023, the Company entered into a \$20,000 mortgage loan agreement (the “Manassas Mortgage”), which is principally secured by the Company’s cultivation and manufacturing facility located in Manassas, Virginia. The Manassas Mortgage is payable monthly and will mature in April 2028. The interest rate is variable and determined based on the 30-day average secured overnight financing rate plus 3.55%, with a floor rate of not less than 8.25%. The interest rate as of September 30, 2024 was 8.891%.

Financial CovenantsTerm Loans

The Term Loans include a financial covenant that requires the Company to maintain a minimum unrestricted cash balance as of the last day of each calendar month during the term of the Term Loans, with an initial minimum cash balance of \$8,000, subject to certain “step-ups” for succeeding periods. As of September 30, 2024, the Company was in compliance with this financial covenant.

Mortgage loans

The Company’s three mortgage loan agreements contain certain financial and other covenants with which the Company is required to comply. As of September 30, 2024, the Company was in compliance with all financial covenants contained in each of the mortgage loan agreements.

Annual Maturities

As of September 30, 2024, aggregate future scheduled repayments of the Company’s debt were as follows:

	Remainder of the year	2025	2026	2027	2028	Total
Second Lien Notes	\$ —	\$ —	\$ 81,253	\$ —	\$ —	\$ 81,253
Acquisition-related promissory notes payable	—	—	—	22,114	—	22,114
Mortgage loans	160	647	658	9,440	18,287	29,192
Term Loans	—	2,425	46,075	—	—	48,500
Total debt subject to scheduled repayments	\$ 160	\$ 3,072	\$ 127,986	\$ 31,554	\$ 18,287	\$ 181,059

JUSHI HOLDINGS INC.

Notes to the Unaudited Condensed Consolidated Financial Statements

(Amounts Expressed in Thousands of U.S. dollars, Except Share and Per Share Amounts)



The above table excludes the maturities of the Company’s promissory notes payable to Sammartino, as the repayment of these notes, if any, would arise in the context of a non-appealable final judgment by a court. Refer to Note 16 - Commitments and Contingencies for more information. Specifically, the promissory notes that were payable to Sammartino are as follows: \$16,500 in 2024 and \$5,000 in 2026. However, these balances were classified as long-term debt as of September 30, 2024 since the Company does not expect to repay these amounts within the next 12 months.

Interest Expense

Interest expense, net is comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Interest expense				
Interest and accretion - Second Lien Notes	\$ 2,838	\$ 2,640	\$ 8,513	\$ 7,568
Interest and accretion - Term Loans	1,832	—	1,832	—
Interest and accretion - Finance lease liabilities	2,478	2,335	7,550	7,282
Interest and accretion - Promissory notes	1,043	1,547	3,699	4,625
Interest and accretion - Acquisition Facility	658	2,298	4,845	7,265
Interest and accretion - Mortgage loans and other financing activities	661	612	2,037	1,422
Capitalized interest	—	(54)	—	(464)
Total interest expense	9,510	9,378	28,476	27,698
Interest income	(128)	(33)	(479)	(43)
Total interest expense, net	\$ 9,382	\$ 9,345	\$ 27,997	\$ 27,655

9. DERIVATIVE LIABILITIES

The following table summarizes the change in the Company’s derivative liabilities for the nine months ended September 30, 2024.

	Total Derivative Liabilities ⁽¹⁾
Balance as of January 1, 2024	\$ 2,638
Derivative warrants issued ⁽²⁾	6,765
Fair value changes	(2,840)
Balance as of September 30, 2024	\$ 6,563

⁽¹⁾ Refer to Note 10 - Equity for the change in number of warrants during the nine months ended September 30, 2024.

⁽²⁾ Represents the fair value of 19,400,000 derivative warrants issued in connection with the Term Loans in July 2024. Refer to Note 8 - Debt for more information.

The Company’s derivative liabilities are primarily comprised of derivative warrants (“Derivative Warrants”). These are warrants to purchase SVS of the Company and were issued in connection with the 10% senior secured notes, and the Term Loans. The Derivative Warrants may be net share settled. As of September 30, 2024 there were 57,262,922 Derivative Warrants outstanding, which consisted of (i) 29,972,000 warrants with exercise price of \$1.25 per warrant and expiration date in December 2024, (ii) 5,890,922 warrants with exercise price of \$1.00 per warrant and expiration date of December 2024, (iii) 2,000,000 warrants with an exercise price of \$2.086 per warrant and expiration date in December 2026, and (iv) 19,400,000 warrants with an exercise price of \$1.00 per warrant and expiration date in July 2029. As of December 31, 2023, there were 37,862,922 Derivative Warrants outstanding, which consisted of (i) 29,972,000 warrants with exercise price of \$1.25 per warrant and expiration date in December 2024, (ii) 5,890,922 warrants with exercise price

JUSHI HOLDINGS INC.

Notes to the Unaudited Condensed Consolidated Financial Statements

(Amounts Expressed in Thousands of U.S. dollars, Except Share and Per Share Amounts)



of \$1.00 per warrant and expiration date of December 2024, and (iii) 2,000,000 warrants with an exercise price of \$2.086 per warrant and expiration date in December 2026.

Derivative Warrants are considered derivative financial liabilities measured at fair value with all gains or losses recognized in profit or loss as the settlement amount for the Derivative Warrants may be adjusted during certain periods for variables that are not inputs to standard pricing models for forward or option equity contracts, i.e., the “fixed for fixed” criteria under ASC 815-40. The estimated fair value of the Derivative Warrants is measured at the end of each reporting period and an adjustment is reflected in fair value changes in derivatives in the consolidated statements of operations and comprehensive income (loss). These are Level 3 recurring fair value measurements. The estimated fair value of the Derivative Warrants was determined using the Black-Scholes model with stock price based on the OTCQX closing price of the Derivative Warrants issue date as of September 30, 2024 and December 31, 2023.

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

	July 2024 (New Issuances) (unaudited)	September 30, 2024 (unaudited)	December 31, 2023
Stock price	\$0.57	\$0.53	\$0.46
Risk-free annual interest rate	3.97%	3.58% - 4.77%	4.01% - 4.79%
Range of estimated possible exercise price	\$1.00	\$1.00 - \$2.086	\$1.00 - \$2.086
Weighted average volatility	88%	91%	101%
Remaining life	5 years	0.23 - 4.84 years	1.00 - 2.90 years
Forfeiture rate	0%	0%	0%
Expected annual dividend yield	0%	0%	0%

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

	As of September 30, 2024 (unaudited)			As of December 31, 2023		
	Input	Effect of 10% Increase	Effect of 10% Decrease	Input	Effect of 10% Increase	Effect of 10% Decrease
Stock price	\$ 0.53	\$ 973	\$ (910)	\$ 0.46	\$ 637	\$ (574)
Volatility	91 %	745	(772)	101 %	680	(643)

10. EQUITY

Authorized, Issued and Outstanding

The authorized share capital of the Company consists of an unlimited number of SVS, Multiple Voting Shares, Super Voting Shares, and Preferred Shares. As of September 30, 2024, the Company had 196,696,597 SVS issued and outstanding and no Multiple Voting Shares, Super Voting Shares or Preferred Shares issued and outstanding.

JUSHI HOLDINGS INC.

Notes to the Unaudited Condensed Consolidated Financial Statements

(Amounts Expressed in Thousands of U.S. dollars, Except Share and Per Share Amounts)



Warrants

Each warrant entitles the holder to purchase one SVS. Certain warrants may be net share settled. The following table summarizes the status of warrants and related transactions:

	Non-Derivative (Equity) Warrants	Derivative Liabilities Warrants	Total Number of Warrants	Weighted - Average Exercise Price
Balance as of January 1, 2024	49,068,636	37,862,922	86,931,558	\$ 1.12
Granted ⁽¹⁾	2,500,000	19,400,000	21,900,000	\$ 0.99
Cancelled/forfeited/expired	(416,667)	—	(416,667)	\$ 1.56
Balance as of September 30, 2024	51,151,969	57,262,922	108,414,891	\$ 1.09
Exercisable as of September 30, 2024	49,241,969	57,262,922	106,504,891	\$ 1.10

⁽¹⁾ In July 2024, 19,400,000 warrants were issued in connection with the Term Loans. In February 2024, 1,800,000 warrants were issued in connection with the Debt Exchange. Refer to Note 8 - Debt for more information.

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

Weighted average stock price	\$0.60
Weighted average expected stock price volatility	87.1%
Expected annual dividend yield	0%
Weighted average expected life of warrants	4.8 years
Weighted average risk-free annual interest rate	4.0%
Weighted average grant date fair value	\$0.36

Share-based Payment Award Plans

Plan summary and description

Under the Company’s 2019 Equity Incentive Plan, as amended, (the “2019 Plan”), non-transferable options to purchase SVS and restricted SVS of the Company may be issued to directors, officers, employees, or consultants of the Company. The 2019 Plan authorizes the issuance of up to 15% (plus an additional 2% inducements for hiring employees and senior management) of the number of outstanding shares of common stock (of all classes) of the Company (the “Share Reserve”). Incentive stock options are limited to the Share Reserve, and the maximum number of incentive awards available for issuance under the 2019 Plan, including additional awards available for certain new hires, was 5,784,004 as of September 30, 2024.

Stock Options

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

On August 12, 2024, the Company’s board of directors approved a limited stock option cancellation and regrant program in which a limited number of the Company’s senior management team and the Company’s non-employee directors (the “Eligible Participants”) could elect to cancel each stock option held with an exercise price per SVS equal to \$1.91, \$1.93, \$2.00 and \$5.71, and to be granted a replacement option to purchase an identical number of SVS. The Eligible

JUSHI HOLDINGS INC.

Notes to the Unaudited Condensed Consolidated Financial Statements

(Amounts Expressed in Thousands of U.S. dollars, Except Share and Per Share Amounts)



Participants cancelled a total of 9,136,758 stock options under this program, and were regranted the same number of stock options on September 13, 2024 at an exercise price of \$0.54, with an expiration date of ten years from the grant date.

The following table summarizes the status of stock options and related transactions:

	Number of Stock Options	Weighted-Average Per Share Exercise Price
Issued and Outstanding as of January 1, 2024	27,653,184	\$ 1.40
Granted	12,954,490	\$ 0.57
Exercised	(64,999)	\$ 0.60
Cancelled/forfeited/expired	(12,888,258)	\$ 1.85
Issued and Outstanding as of September 30, 2024	<u>27,654,417</u>	\$ 0.80
Exercisable as of September 30, 2024	<u>10,587,967</u>	\$ 1.05

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

	Nine Months Ended September 30,	
	2024	2023
Weighted average stock price	\$0.56	\$0.51
Weighted average expected stock price volatility	86.9%	76.9%
Expected annual dividend yield	0%	0%
Weighted average expected life	5.0 years	6.0 years
Weighted average risk-free annual interest rate	3.6%	3.6%
Weighted average grant date fair value	\$0.21	\$0.34

Restricted Stock

During the nine months ended September 30, 2024, 1,861 restricted stock vested and were released. There was no unvested restricted stock as of September 30, 2024.

Share-based Compensation Cost

The components of share-based compensation expense are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Stock options	\$ 982	\$ 712	\$ 2,931	\$ 4,170
Restricted stock	—	—	2	293
Warrants	100	344	20	1,267
Total share-based compensation expense	<u>\$ 1,082</u>	<u>\$ 1,056</u>	<u>\$ 2,953</u>	<u>\$ 5,730</u>

As of September 30, 2024, the Company had \$3,781 of unrecognized share-based compensation cost related to unvested stock options and warrants, which is expected to be recognized as share-based compensation cost over a weighted average period of 1.9 years.

JUSHI HOLDINGS INC.

Notes to the Unaudited Condensed Consolidated Financial Statements

(Amounts Expressed in Thousands of U.S. dollars, Except Share and Per Share Amounts)



11. EARNINGS (LOSS) PER SHARE

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Numerator:				
Net loss and comprehensive loss	\$ (16,016)	\$ (20,622)	\$ (36,309)	\$ (47,098)
Denominator:				
Weighted-average shares of common stock - basic and diluted	195,165,913	195,128,096	195,145,417	194,649,053
Loss per common share:				
Basic and diluted	\$ (0.08)	\$ (0.11)	\$ (0.19)	\$ (0.24)

The following table summarizes weighted average instruments that may, in the future, have a dilutive effect on earnings (loss) per share, but were excluded from consideration in the computation of diluted net loss per share for the three and nine months ended September 30, 2024 and 2023, because the impact of including them would have been anti-dilutive:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Stock options	26,537,311	29,664,683	27,402,967	29,185,375
Warrants (derivative liabilities and equity)	101,726,848	86,241,092	92,766,898	86,110,330
Unvested restricted stock awards	1,679	4,177	1,800	496,567
	128,265,838	115,909,952	120,171,665	115,792,272

12. REVENUE

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Retail	\$ 55,441	\$ 58,535	\$ 169,802	\$ 180,461
Wholesale	6,170	6,842	21,863	21,214
Total revenue, net	\$ 61,611	\$ 65,377	\$ 191,665	\$ 201,675

JUSHI HOLDINGS INC.**Notes to the Unaudited Condensed Consolidated Financial Statements***(Amounts Expressed in Thousands of U.S. dollars, Except Share and Per Share Amounts)***13. OPERATING EXPENSES**

The major components of operating expenses are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Salaries, wages and employee related expenses	\$ 14,498	\$ 13,251	\$ 42,837	\$ 43,839
Depreciation and amortization expense	3,985	2,962	11,090	7,202
Rent and related expenses	3,053	3,387	8,928	8,784
Professional fees and legal expenses	1,320	1,420	5,501	6,066
Share-based compensation expense	1,082	1,056	2,953	5,730
Other expenses ⁽¹⁾	3,881	3,612	8,883	13,673
Total operating expenses	\$ 27,819	\$ 25,688	\$ 80,192	\$ 85,294

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

14. INCOME TAXES

The following table summarizes the Company's income tax expense and effective tax rates for the three and nine months ended September 30, 2024 and 2023:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Loss before income tax	\$ (7,051)	\$ (12,611)	\$ (8,268)	\$ (20,393)
Income tax expense	\$ 8,965	\$ 8,011	\$ 28,041	\$ 26,705
Effective income tax rate	127.1 %	63.5 %	339.2 %	131.0 %

The Company has computed its provision for income taxes based on the actual effective rate for the three and nine months ended September 30, 2024 and 2023 as the Company believes this is the best estimate for the annual effective tax rate. Therefore, the Company's effective income tax rates for the three and nine months ended September 30, 2024 and 2023 are not indicative of the effective income tax rate for each respective fiscal year of 2024 and 2023. The Company's effective income tax rate is significantly higher than the statutory income tax rates due in part to (i) an increase in the uncertain tax position liability due to tax positions based on legal interpretations that challenge the Company's tax liability under IRC Section 280E ("280E"), (ii) interest and penalties accrual for tax liabilities, and (iii) state income taxes.

The IRS has taken the position that cannabis companies are subject to the limitation of 280E, a position held by state tax regulators in Nevada, Ohio and Virginia. Under the IRS's interpretation of 280E, cannabis companies are only allowed to deduct expenses directly and indirectly related to the production of inventory.

JUSHI HOLDINGS INC.

Notes to the Unaudited Condensed Consolidated Financial Statements

(Amounts Expressed in Thousands of U.S. dollars, Except Share and Per Share Amounts)



In July 2024, the state of Pennsylvania enacted legislation permitting medical cannabis cultivators to deduct ordinary and necessary business expenses for state income tax purposes, which are disallowed under 280E. This legislation was effective July 1, 2024, and applies to tax years beginning after December 31, 2023. The legislation was also meant to include dispensary licensees, but were unintentionally left out of the initial legislation. This oversight was corrected with new legislation in October 2024. As of September 30, 2024, the tax balances reflect the law as enacted at that time, and uncertain tax positions have been recorded for our Pennsylvania dispensaries related to the entities' 2024 activity. The Company estimates that the inclusion of dispensary licenses will result in the release of \$3,266 of uncertain tax position liabilities in the fourth quarter.

In connection with the preparation and filing of the fiscal 2022 income tax return, the Company changed its previous application of 280E to exclude certain parts of its business. In regards to fiscal years 2023 and 2024, the Company has taken the position that it does not owe taxes attributable to the application of 280E. However, since the Company's tax positions on 280E may be challenged by taxing authorities, the Company elected to treat the deductibility of these related expenses as an uncertain tax position. As of September 30, 2024, the balances in income tax payable and unrecognized tax benefits on the consolidated balance sheets include the impact of the tax position on 280E, which decreased current liabilities with a corresponding increase in non-current liabilities. There is no material impact to the consolidated statements of operations and comprehensive income (loss).

The Company has a liability for unrecognized tax benefits of \$136,088 and \$100,343 as of September 30, 2024 and December 31, 2023, respectively, inclusive of interest and penalties. The Company anticipates that it is reasonably possible that its new tax position on 280E may require changes to the balance of unrecognized tax benefits within the next 12 months. However, an estimate of such changes cannot reasonably be made.

The total amount of interest and penalties related to the liability for unrecognized tax benefits recorded in income tax expense during the three and nine months ended September 30, 2024 was \$2,618 and \$7,070, respectively. The total amount of interest and penalties related to the liability for unrecognized tax benefits recorded in income tax expense during the three and nine months ended September 30, 2023 was \$2,569 and \$5,583, respectively.

15. RELATED PARTY TRANSACTIONS

The Company had the following related party transactions:

Nature of transaction	Three Months Ended September 30,		Nine Months Ended September 30,		As of	
	2024	2023	2024	2023	September 30, 2024 (unaudited)	December 31, 2023
	Related Party Expense		Related Party Expense		Related Party Payable	
12% Second Lien Notes - interest expense and principal amount ⁽¹⁾	\$ (608)	\$ (538)	\$ (1,760)	\$ (1,622)	\$ (20,901)	\$ (19,788)
Term Loans - interest expense and principal amount ⁽²⁾	\$ (328)	\$ —	\$ (328)	\$ —	\$ (16,000)	\$ —
Other debt ⁽³⁾	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (3,298)

⁽¹⁾ For the periods ended September 30, 2024 and December 31, 2023, the Second Lien Notes payable and the related interest expense includes amounts related to the Company's Chief Executive Officer, as well as a significant investor.

⁽²⁾ For the period ended September 30, 2024, the Term Loans payable and the related interest expense includes amounts related to the Company's Chief Executive Officer, as well as a significant investor, who each participated as Term Loan lenders in the Company's senior secured term loan refinancing completed in July 2024 in the principal amounts of \$9,000 and \$7,000 respectively, and also received 3,600,000 Warrants and 2,800,000 Warrants, respectively. Refer to Note 8 - Debt for more information.

JUSHI HOLDINGS INC.

Notes to the Unaudited Condensed Consolidated Financial Statements

(Amounts Expressed in Thousands of U.S. dollars, Except Share and Per Share Amounts)



⁽³⁾ Other debt relates to Jushi Europe which was deconsolidated during the three months ended June 30, 2024. Refer to Note 8 - Debt for more information.

16. COMMITMENTS AND CONTINGENCIES

Contingencies

Although the possession, cultivation and distribution of cannabis for medical and recreational use is permitted in certain states, cannabis is classified as a Schedule-I controlled substance under the U.S. Controlled Substances Act and its use remains a violation of federal law. The Company's operations are subject to a variety of local and state regulations. Failure to comply with one or more of those regulations could result in fines, restrictions on its operations, or losses of permits that could result in the Company ceasing operations. While management believes that the Company is in material compliance with applicable local and state regulations as of September 30, 2024, marijuana regulations continue to evolve and are subject to differing interpretations. As a result, the Company could be subject to regulatory fines, penalties or restrictions at any time. Since federal law criminalizing the use of cannabis preempts state laws that legalize its use, strict enforcement of federal law regarding cannabis would likely result in the Company's inability to proceed with the Company's business plans. A change in administration due to the upcoming United States presidential election presents a risk of a change in federal policy. In addition, the Company's assets, including real property, cash and cash equivalents, equipment, inventory and other goods, could be subject to asset forfeiture because cannabis is still federally illegal.

Refer to Note 14 - Income Taxes for certain tax-related contingencies.

Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. As of September 30, 2024, except as set forth below, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the Company's financial results. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

MJ's Market Matter

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

Sammartino Matter

On February 28, 2023, the Company informed Sammartino, the former owner of Nature's Remedy and certain of its affiliates, that Sammartino had breached several provisions of the Merger and Membership Interest Purchase Agreement between the Company, Sammartino and certain other parties thereto (as amended, the "MIPA") and/or fraudulently induced the Company to enter into, and not terminate, the MIPA. As a consequence of these breaches and the fraudulent inducement, the Company informed Sammartino that the Company had incurred significant damages, and pursuant to the terms of the MIPA the Company had elected to offset these damages against certain promissory notes and shares the Company was to pay and issue, respectively, to Sammartino, and that Sammartino would be required to pay the remainder

JUSHI HOLDINGS INC.**Notes to the Unaudited Condensed Consolidated Financial Statements***(Amounts Expressed in Thousands of U.S. dollars, Except Share and Per Share Amounts)*

in cash. On March 13, 2023, Sammartino responded to the Company by alleging various procedural deficiencies with the Company's claim and provided the Company with a notice that the Company was in default of the MIPA for failing to issue certain shares of the Company to Sammartino. On March 21, 2023, Sammartino sent a second notice that the Company was in default of the promissory notes for failing to pay interest pursuant to their specified schedule. On March 23, 2023, the Company sent a second letter to Sammartino disputing each procedural deficiency claimed by Sammartino and disputing that the Company is in default of the MIPA or the promissory notes and that it properly followed the terms of the various agreements in electing to set off the damages.

Pacific Collective Matter

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

Commitments

In addition to the contractual obligations outlined in Note 8 - Debt, the Company has commitments as of September 30, 2024 related to property and construction.

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

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

17. FINANCIAL INSTRUMENTS

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

	September 30, 2024 (unaudited)	December 31, 2023
Financial assets: ⁽¹⁾		
Equity investment ⁽²⁾	\$ —	\$ 200
Total financial assets	<u>\$ —</u>	<u>\$ 200</u>
Financial liabilities: ⁽¹⁾		
Derivative liabilities ⁽³⁾	\$ 6,563	\$ 2,638
Contingent consideration liabilities	—	817
Total financial liabilities	<u>\$ 6,563</u>	<u>\$ 3,455</u>

⁽¹⁾ The Company has no financial assets or liabilities in Level 1 or 2 within the fair value hierarchy as of September 30, 2024 and December 31, 2023, and there were no transfers between hierarchy levels during the nine months ended September 30, 2024 or year ended December 31, 2023.

JUSHI HOLDINGS INC.

Notes to the Unaudited Condensed Consolidated Financial Statements

(Amounts Expressed in Thousands of U.S. dollars, Except Share and Per Share Amounts)



-
- (2) The Company adjusted its equity investment carrying value to reflect its equity balance of the investee, resulting in the recording of a loss on investment of \$0 and \$200 for the three and nine months ended September 30, 2024, respectively, and \$0 for the three and nine months ended September 30, 2023. The loss on investment is included within other income (expense), net in the consolidated statements of operations and comprehensive income (loss).
- (3) Refer to Note 9 - Derivative Liabilities.

The carrying amounts of certain financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and certain accrued expenses, and certain other assets and liabilities held at amortized cost, approximate their fair values due to the short-term nature of these instruments. The equity investment approximates its fair value at September 30, 2024 and December 31, 2023. The carrying amounts of the promissory notes approximate their fair values as the effective interest rates are consistent with market rates. The carrying amount of the Second Lien Notes approximates their fair values as of September 30, 2024 and December 31, 2023, respectively.

18. SEGMENT INFORMATION

The Company operates a vertically integrated cannabis business in one reportable segment for the cultivation, manufacturing, distribution and sale of cannabis in the U.S. All of the Company's revenues were generated within the U.S., and substantially all long-lived assets are located within the U.S. The accounting policies for the Company's reportable segment are the same as those described in the summary of significant accounting policies. The chief operating decision maker is the Chief Executive Officer. The chief operating decision maker assesses performance and decides how to allocate resources based on operating results that are reported on the income statement as consolidated net income/ (loss). The measure of segment assets is reported on the balance sheet as total consolidated assets. Refer to Note 13 - Operating Expenses for significant expenses for the reportable segment.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

This Management’s Discussion and Analysis (“MD&A”) covers the consolidated financial statements of Jushi Holdings Inc. and its controlled subsidiaries as of and for the three and nine months ended September 30, 2024 (the “Financial Statements”). Unless the context indicates or requires otherwise, the terms “Jushi”, “the Company”, “we”, “us” and “our” refers to Jushi Holdings Inc. and its controlled entities. This MD&A should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto for the three and nine months ended September 30, 2024 (the “Quarterly Financial Statements”). The Quarterly Financial Statements have been prepared by management and are in accordance with generally accepted accounting principles in the United States (“GAAP”) and should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2023, which are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the U.S. Securities and Exchange Commission (“SEC”) on April 1, 2024 (the “2023 Form 10-K”) and was also filed on the System for Electronic Document Analysis and Retrieval (“SEDAR”). All amounts are expressed in U.S. dollars unless otherwise noted.

Company Overview

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

Factors Affecting our Performance and Related Trends

Competition and Pricing Pressure

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

Recent Developments

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

Appointment

Our President, Jon Barack, was given the additional title of Chief Revenue Officer, effective November 5, 2024 and will assume his additional role immediately. In this role, he will oversee our commercial channels and focus on enhancing product selection. This role will allow us to realize operating expense savings due to recent senior management changes and our commitment to maintain a streamlined leadership team. In connection with assuming the role of Chief Revenue Officer, the Company entered into an amendment to Mr. Barack’s existing employment agreement pursuant to which Mr. Barack’s discretionary performance-based bonus to be determined by the Compensation Committee of the Board of Directors was replaced with a performance bonus with a target of up to 80% of his then base salary and the duration that severance payments will be owed to Mr. Barack was increased from six (6) months to twelve (12) months.

Amendment Number 4 to CEO Employment Agreement

On September 13, 2024, the Company, JMGT, LLC, and the Company's CEO entered into an amendment to his existing employment agreement (the "Fourth Amendment") pursuant to which the CEO agreed to receive the \$950 annual cash bonus for the year 2024 in the following alternative form: (i) a lump sum cash payment of \$238, which was paid in October 2024, (ii) \$1,382 aggregate principal amount of Second Lien Notes due December 7, 2026 (the "Second Lien Notes"), which were issued in September 2024, and (iii) stock options granted under the Company's 2019 Equity Incentive Plan, as amended, (the "2019 Plan"), expiring five years from the date of grant to purchase up to 1,062,732 of the Company's subordinate voting shares ("SVS") at an exercise price of \$0.65.

Stock Option Cancellation and Regrant Program

On August 12, 2024, a limited stock option cancellation and regrant program was approved, pursuant to which a limited number of the Company's senior management team, including the Company's Chief Executive Officer James Cacioppo, the Company's President Jon Barack, the Company's Chief Legal Officer Tobi Lebowitz, and the Company's non-employee directors (the "Eligible Participants") may elect to cancel each option held by the Eligible Participants with an exercise price per SVS equal to \$1.91, \$1.93, \$2.00 and \$5.71, and to be granted a replacement option to purchase an identical number of SVS. Mr. Cacioppo's option to purchase 5,385,000 SVS, Mr. Barack's option to purchase 1,793,000 SVS, Mrs. Lebowitz's option to purchase 590,000 SVS and options to purchase up to an aggregate of 394,758 SVS held by the Company's non-employee directors were eligible for the program, in addition to options to purchase up to an aggregate of 974,000 SVS held by other members of senior management. The Eligible Participants all elected to participate in this program, and were regranted the same number of options on September 13, 2024, at an exercise price of \$0.54.

Additionally, on September 13, 2024, Michelle Mosier, our Chief Financial Officer, was granted 300,000 stock options under the 2019 Plan at an exercise price of \$0.54 per share.

Ohio

We entered into two definitive agreements to purchase assets in the state of Ohio. These agreements will ultimately increase our footprint in Ohio with the addition of four dispensaries. The agreements are subject to regulatory approvals. We expect to transfer ownership of three of the dispensaries in the first half of 2025 with the fourth transfer of ownership in the back half of 2025.

Results of Operations

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
REVENUE, NET	\$ 61,611	\$ 65,377	(6)%	\$ 191,665	\$ 201,675	(5)%
COST OF GOODS SOLD	(33,612)	(36,863)	(9)%	(98,770)	(112,666)	(12)%
GROSS PROFIT	27,999	28,514	(2)%	92,895	89,009	4 %
OPERATING EXPENSES	27,819	25,688	8 %	80,192	85,294	(6)%
INCOME FROM OPERATIONS	180	2,826	(94)%	12,703	3,715	242 %
OTHER INCOME (EXPENSE):						
Interest expense, net	(9,382)	(9,345)	— %	(27,997)	(27,655)	1 %
Fair value gain (loss) on derivatives	2,628	(7,460)	(135)%	2,840	1,660	71 %
Other, net	(477)	1,368	(135)%	4,186	1,887	122 %
Total other income (expense), net	(7,231)	(15,437)	(53)%	(20,971)	(24,108)	(13)%
LOSS BEFORE INCOME TAX	(7,051)	(12,611)	(44)%	(8,268)	(20,393)	(59)%
Income tax expense	(8,965)	(8,011)	12 %	(28,041)	(26,705)	5 %
NET LOSS AND COMPREHENSIVE LOSS	\$ (16,016)	\$ (20,622)	(22)%	\$ (36,309)	\$ (47,098)	(23)%
LOSS PER SHARE - BASIC AND DILUTED	\$ (0.08)	\$ (0.11)	(27)%	\$ (0.19)	\$ (0.24)	(21)%
Weighted average shares outstanding - basic and diluted	195,165,913	195,128,096	— %	195,145,417	194,649,053	— %

Three Months Ended September 30, 2024 Compared with the Three Months Ended September 30, 2023

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

Revenue, Net

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

	Three Months Ended September 30,		\$ Change	% Change
	2024	2023		
Retail	\$ 55,441	\$ 58,535	\$ (3,094)	(5)%
Wholesale	6,170	6,842	(672)	(10)%
Total revenue, net	\$ 61,611	\$ 65,377	\$ (3,766)	(6)%

Revenue, net, was \$61,611 compared to \$65,377, a decrease of \$3,766 or 6%.

Retail revenue decreased \$3,094 primarily due to:

- A decline in sales in Illinois of \$2,007 - the number of units sold decreased approximately 6%, and the average price per unit declined due to increased competition with competitors opening new stores in our markets;
- A decline in sales in Pennsylvania of \$1,538 and in Nevada of \$961 - the number of units sold decreased approximately 2% in Pennsylvania and approximately 8% in Nevada, and the average price per unit declined as we increased our use of promotions due to continued competition; and
- A decline in sales in Massachusetts of \$677 - while the number of units sold increased approximately 4%, the average price per unit declined due to market price compression and continued competition.

These declines were partially offset by an increase in sales in Virginia of \$1,430 primarily due to the opening of one new store in August 2023, and an increase in sales in Ohio of \$1,130 due to the transition to adult-use during the current quarter. The Company ended the quarter with thirty-five operating dispensaries in seven states, as compared to thirty-four in seven states on September 30, 2023.

Wholesale revenue decreased \$672. The decrease is primarily attributable to a \$845 decline in wholesale revenue in Massachusetts and a \$786 decline in Pennsylvania, due to continued competition and limited availability of products available to third parties through our wholesale channel as we prioritized supplying our retail stores. These decreases were partially offset by wholesale revenue growth in Virginia of \$601 as the cultivation and processing facility in Virginia matured and had more product available for sale to third-parties.

Gross Profit

Gross profit was \$27,999 compared to \$28,514, a decrease of \$515 or 2%. Gross profit margin increased to 45% compared to 44%. The increase in gross profit margin was driven by continued efficiencies at our cultivation and processing facilities which have enabled us to reduce cost, partially offset by additional expenses in Ohio, including inventory write downs, as we ramp up our facilities in Ohio to support the transition to adult-use. In our retail channel, gross profit and gross profit margin declined due to competition which resulted in increased utilization of sales promotions. Jushi branded product sales as a percentage of total retail revenue were 55% across the Company's five vertical markets compared to 52% in the prior year.

Operating Expenses

Operating expenses were \$27,819 compared to \$25,688, an increase of \$2,131 or 8%. The following table presents information on our operating expenses for the periods indicated:

Table of Contents

	Three Months Ended September 30,		\$ Change	% Change
	2024	2023		
Salaries, wages and employee related expenses	\$ 14,498	\$ 13,251	\$ 1,247	9 %
Depreciation and amortization expense	3,985	2,962	1,023	35 %
Rent and related expenses	3,053	3,387	(334)	(10)%
Professional fees and legal expenses	1,320	1,420	(100)	(7)%
Share-based compensation expense	1,082	1,056	26	2 %
Other expenses ⁽¹⁾	3,881	3,612	269	7 %
Total operating expenses	\$ 27,819	\$ 25,688	\$ 2,131	8 %

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

Salaries, wages and employee related expenses increased due to merit increase, as well as higher employee bonuses. Depreciation and amortization expense increased primarily due to amortization of our business licenses which commenced during the second quarter of 2024, as we concluded that our business licenses no longer have indefinite useful lives.

Other Income (Expense)

Interest Expense, Net

Interest expense, net was \$9,382 compared to \$9,345, an increase of \$37, or 0%.

Fair Value gain (loss) on Derivatives

Fair value gain on derivatives was \$2,628, compared to a loss of \$7,460. Fair value gain (loss) on derivatives include the fair value changes relating to the derivative warrants. The derivative warrants are required to be remeasured at fair value at each reporting period. The fair value changes in derivatives were primarily attributable to the movement in our stock price during the corresponding period.

Other, Net

Other, net was an expense of \$477, compared to an income of \$1,368, a change of \$1,845, which was primarily due to losses of \$760 related to debt modifications in the current quarter, \$667 lower foreign exchange translation adjustment mainly relating to certain Second Lien Notes denominated in Canadian dollars, and \$563 lower indemnification asset gains related to acquisitions in the prior year.

Income Tax Expense

Total income tax expense was \$8,965 compared to \$8,011 in the prior year, an increase of \$954 or 12%. The increase in income tax expense is primarily due to an increase in taxable income.

Nine Months Ended September 30, 2024 Compared with the Nine Months Ended September 30, 2023*(Amounts expressed in thousands of U.S. dollars, unless otherwise stated)***Revenue, Net**

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

	Nine Months Ended September 30,			
	2024	2023	\$ Change	% Change
Retail	\$ 169,802	\$ 180,461	\$ (10,659)	(6)%
Wholesale	21,863	21,214	649	3 %
Total revenue, net	\$ 191,665	\$ 201,675	\$ (10,010)	(5)%

Revenue, net, was \$191,665 compared to \$201,675, a decrease of \$10,010 or 5%. Retail revenue decreased \$10,659 primarily due to:

- A decline in sales in Illinois of \$5,791 - while the number of units sold increased approximately 3%, the average price per unit declined as a result of pricing pressures due to the state of Missouri moving to recreational use, as well as increased competition with competitors opening new stores in our markets;
- A decline in sales in Massachusetts of \$1,597 - while the number of units sold increased approximately 4%, the average price per unit declined as we increased our use of promotions due to continued competition; and
- A decline in sales in Nevada of \$3,073 and in Pennsylvania of \$5,743 - the number of units sold decreased by approximately 5% and 11% in Nevada and Pennsylvania, respectively, driven by increased competition. The decline in Nevada was also impacted by price compression, but the average price per unit remained stable in Pennsylvania.

These declines were partially offset by an increase in sales in Virginia of \$5,300 primarily due to the opening of one new store in August 2023, and an increase in sales in Ohio of \$1,102 due to the transition to adult-use during the current year.

Wholesale revenue increased \$649. The increase is primarily attributable to wholesale revenue growth in Virginia of \$3,735 as the cultivation and processing facility in Virginia matured and had more product available for sale to third-parties. The growth in Virginia was partially offset by \$1,295 decline in wholesale revenue in Nevada and \$1,586 decline in Massachusetts due to continued competition and product availability to sell to third parties through our wholesale channel.

Gross Profit

Gross profit was \$92,895 compared to \$89,009, an increase of \$3,886 or 4%. Gross profit margin increased to 48% compared to 44%. The increase in gross profit and gross profit margin was driven by efficiencies at our cultivation and processing facilities which have enabled us to reduce cost, partially offset by additional expenses in Ohio, including inventory write downs, as we ramp up our facilities in Ohio to support the transition to adult-use. In our retail channel, gross profit declined due to lower sales; however, gross profit margin improved 38 basis points as a result of increased sell-through of Jushi branded products at our retail stores. Jushi branded product sales as a percentage of total retail revenue were 55% across the Company's five vertical markets compared to 49% in the prior year.

Operating Expenses

Operating expenses were \$80,192 compared to \$85,294, a decrease of \$5,102 or 6%. The following table presents information on our operating expenses for the periods indicated:

Table of Contents

	Nine Months Ended September 30,		\$ Change	% Change
	2024	2023		
Salaries, wages and employee related expenses	\$ 42,837	\$ 43,839	\$ (1,002)	(2)%
Depreciation and amortization expense	11,090	7,202	3,888	54 %
Rent and related expenses	8,928	8,784	144	2 %
Professional fees and legal expenses	5,501	6,066	(565)	(9)%
Share-based compensation expense	2,953	5,730	(2,777)	(48)%
Other expenses ⁽¹⁾	8,883	13,673	(4,790)	(35)%
Total operating expenses	\$ 80,192	\$ 85,294	\$ (5,102)	(6)%

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

Depreciation and amortization expense increased due to the expansion of our retail operations which resulted in certain fixed assets being placed into service, as well as amortization of our business licenses which commenced during the second quarter of 2024, as we concluded that our business licenses no longer have indefinite useful lives. Lower share-based compensation expense reflects lower value of share-based compensation granted as well as forfeitures. Other expenses decreased primarily due to gains on the sale of certain non-core assets and operating lease terminations, and lower expenses relating to administrative fees and software and technology costs.

Other Income (Expense)

Interest Expense, Net

Interest expense, net was \$27,997 compared to \$27,655, an increase of \$342, or 1%.

Fair Value gain (loss) on Derivatives

Fair value gain on derivatives was \$2,840, compared to \$1,660. Fair value gain (loss) on derivatives include the fair value changes relating to the derivative warrants. The derivative warrants are required to be remeasured at fair value at each reporting period. The fair value changes in derivatives were primarily attributable to the movement in our stock price during the corresponding period.

Other, Net

Other, net was an income of \$4,186, compared to \$1,887, a change of \$2,299. The increase in income was primarily due to \$1,896 gain on Jushi Europe deconsolidation.

Income Tax Expense

Total income tax expense was \$28,041 compared to \$26,705 in the prior year, an increase of \$1,336 or 5%. The increase in income tax expense is primarily due to an increase in taxable income.

Non-GAAP Measures and Reconciliation

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

EBITDA and Adjusted EBITDA

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

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

Adjusted EBITDA for the three months ended September 30, 2024 and 2023, was \$10,345 and \$9,710, respectively, resulting in an increase of \$635 or 7%.

Adjusted EBITDA for the nine months ended September 30, 2024 and 2023, was \$38,172 and \$29,933, respectively, resulting in an increase of \$8,239 or 28%. The increase in EBITDA was primarily due to operating efficiencies at our grower processor facilities, lower payroll cost due to a decrease in the number of employees, and lower operating expenses relating to professional fees, administrative expenses, software and technology cost.

[Table of Contents](#)

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

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
NET LOSS	\$ (16,016)	\$ (20,622)	\$ (36,309)	\$ (47,098)
Income tax expense	8,965	8,011	28,041	26,705
Interest expense, net	9,382	9,345	27,997	27,655
Depreciation and amortization ⁽¹⁾	7,768	5,816	21,981	19,780
EBITDA (Non-GAAP)	10,099	2,550	41,710	27,042
Non-cash share-based compensation	1,082	1,056	2,953	5,730
Fair value changes in derivatives	(2,628)	7,460	(2,840)	(1,660)
Gain on deconsolidation of Jushi Europe	—	—	(1,896)	—
Tangible long-lived asset impairment	275	—	432	—
Other (income) expense, net ⁽²⁾	756	(1,356)	(2,549)	(1,449)
Loss on debt extinguishment	761	—	362	—
Inventory charge adjustments ⁽³⁾	—	—	—	251
Transaction costs	—	—	—	19
Adjusted EBITDA (Non-GAAP)	\$ 10,345	\$ 9,710	\$ 38,172	\$ 29,933

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

⁽²⁾ Includes: (i) remeasurement of contingent consideration related to acquisitions; (ii) losses (gains) on legal settlements; (iii) losses (gains) on lease terminations; (iv) losses (gains) on asset disposals; and (v) severance costs.

⁽³⁾ Includes inventory recall write-offs of \$251 in the first quarter of 2023.

Liquidity and Capital Resources

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

Sources and Uses of Cash

We had cash, cash equivalents and restricted cash of \$22,891 as of September 30, 2024.

The major components of our statements of cash flows for the nine months ended September 30, 2024 and 2023, are as follows:

	Nine Months Ended September 30,		\$ Change	% Change
	2024	2023		
Net cash flows provided by (used in) operating activities	\$ 14,415	\$ (7,827)	\$ 22,242	284 %
Net cash flows provided by (used in) investing activities	189	(6,064)	6,253	103 %
Net cash flows (used in) provided by financing activities	(23,018)	17,214	(40,232)	(234)%
Net change in cash, cash equivalents and restricted cash	\$ (8,414)	\$ 3,323	\$ (11,737)	(353)%

Operating activities

Cash provided by operations was \$14,415, as compared to cash used in operations of \$7,827. The change to cash provided by operating activities in the current year compared to cash used in operating activities in the prior year was primarily due to improved operating results, as well as an improvement in cash flow from working capital.

Investing activities

Table of Contents

Net cash provided by investing activities was \$189 compared to cash used in investing activities of \$6,064. The current year includes \$2,534 for the payments of property, plant and equipment for use in our operations, which was more than offset by \$2,723 in proceeds from the sale of non-core assets. The prior year includes \$8,385 for the payments of property, plant and equipment for use in our operations partially offset by \$2,321 in proceeds from the sale of property, plant and equipment.

Financing activities

Net cash used in financing activities was \$23,018 compared to net cash provided by financing activities of \$17,214. In July 2024, we refinanced our Acquisition Facility debt with proceeds from the issuance of Term Loans and cash on hand. Refer to Note 8 - Debt of our Quarterly Financial Statements contained in Part I. Item 1 of this report for more information.

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

- \$2,750 in payments on promissory notes in the Debt Exchange,
- \$3,600 in payments to extinguish one of our acquisition-related promissory note,
- \$60,125 payments related to the Acquisition Facility debt which was extinguished in July 2024,
- \$1,661 in net finance lease obligation payments,
- \$2,357 in payments of loan financing costs,
- \$1,409 in payments of other financing activities, and
- \$270 in payments of mortgage-related debt.

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

- \$47,530 of net proceeds from the issuance of Term Loans,
- \$1,585 of proceeds from other financing activities, and
- \$39 in issuance of options from exercise.

The prior year net cash flows provided by financing activities includes \$21,900 in proceeds from mortgage loans and \$3,295 in proceeds from other financing activities, partially offset by \$2,761 in net finance lease obligation payments, \$2,438 payments related to the Acquisition Facility debt, \$2,372 in payments of other financing activities, \$250 in payments of loan financing costs, and \$160 in payments of mortgage-related debt.

Liquidity

As reflected in our 2023 Form 10-K, we used net cash of \$3,318 for operating activities for the year ended December 31, 2023, and as of that date, our current liabilities exceeded our current assets by \$80,825. As of December 31, 2023 absent a refinancing, we would not meet our obligations within the next year and we believed that with a refinancing, we would meet our obligations. As a result, we concluded, as stated in the 2023 Form 10-K, that substantial doubt existed about our ability to continue as a going concern within the next twelve months from the date the 2023 financial statements were issued.

For the nine months ended September 30, 2024, cash provided by operating activities was \$14,415, and as of September 30, 2024, our current assets exceeded our current liabilities by \$11,752. Consistent with our conclusion as of June 30, 2024, substantial doubt about our ability to continue as a going concern no longer exists as of September 30, 2024.

We believe that our existing cash and cash equivalents and cash from operations will be sufficient to meet our working capital and capital expenditure needs for at least the next twelve months, although we may choose to take advantage of opportunistic capital raising or refinancing transactions at any time. Depending on our future results of operations, we may need to engage in additional equity financing or other debt refinancing transactions in the longer term beyond twelve months, although there can be no assurances that such additional debt or equity financing may be obtained on favorable terms when required, if at all.

The Quarterly Financial Statements contained herein have been prepared on a going concern basis which assumes we will be able to realize our assets and discharge our liabilities in the normal course of business for the foreseeable future, and do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or amounts and classification of liabilities that may result from the outcome of this uncertainty.

Off-Balance Sheet Arrangements and Contractual Obligations

As of September 30, 2024, we do not have any off-balance sheet arrangements. For our contractual obligations, refer to Note 8 - Debt and Note 16 - Commitments and Contingencies of our Quarterly Financial Statements contained in Part I. Item 1 of this report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to the risks disclosed in Item 7A of our 2023 Form 10-K.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management carried out an evaluation under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based upon such evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of September 30, 2024, our disclosure controls and procedures were effective.

Changes in Internal Control over Financial Reporting

There has been no change in our internal control over financial reporting that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

For a description of our legal proceedings, refer to Claims and Litigation in Note 16 - Commitments and Contingencies in the Notes to the Unaudited Condensed Consolidated Financial Statements of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

The Company is subject to numerous risks and uncertainties, any of which could have a significant or material adverse effect on our business, financial condition, liquidity or consolidated financial statements. You should carefully consider the risk factors disclosed under the heading “Risk Factors”, which are included in the 2023 Form 10-K, which was also filed on SEDAR. The risks described therein and herein are not the only ones we face. Other than set forth herein, there have been no material changes from the risk factors previously disclosed.

Item 2. Unregistered Sale of Equity Securities and Use of Proceeds

On July 31, 2024, the Company issued 19,400,000 five-year warrants to purchase SVS of the Company (the “Warrants”) at a strike price of \$1.00 per SVS. We issued the warrants in reliance on the exemptions from registration under the Securities Act of 1933, as amended (the “Securities Act”), in Section 4(a)(2) of the Securities Act and/or Regulation D thereunder. The Warrants were issued by the Company in connection with, but were detached from, the Term Loans. Refer to Note 9 - Derivative Liabilities for additional information. An entity affiliated with James Cacioppo, the Company’s Chief Executive Officer, Chairman and Founder, is a term loan lender and received 3,600,000 Warrants, and Denis Arsenault, a Founder and significant equity holder of the Company, is a term loan lender and received 2,800,000 Warrants.

In September 2024, the Company issued 450,000 warrants to a consultant for consultancy services. Each warrant entitles the consultant to purchase one Subordinate Voting Share at an exercise price of \$0.54. Subject to any vesting requirements, the warrants may be exercised for cash or through a net settlement mechanism until the expiration date.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers

(c) and (e)

Our President, Jon Barack, was given the additional title of Chief Revenue Officer, effective November 5, 2024 and will assume his additional role immediately. In this role, he will oversee our commercial channels and focus on enhancing product selection. This role will allow us to realize operating expense savings due to recent senior management changes and our commitment to maintain a streamlined leadership team. In connection with assuming the role of Chief Revenue Officer, the Company entered into an amendment to Mr. Barack’s existing employment agreement (the “Second Amendment”) pursuant to which Mr. Barack’s discretionary performance-based bonus to be determined by the Compensation Committee of the Board of Directors was replaced with a performance bonus with a target of up to 80% of his then base salary and the duration that severance payments will be owed to Mr. Barack was increased from six (6) months to twelve (12) months.

[Table of Contents](#)

The foregoing summary is not complete and qualified in its entirety by reference to the Second Amendment, a copy of which is attached hereto as Exhibit 10.6 to this Quarterly Report on Form 10-Q.

(c)

Insider trading arrangements

During the three months ended September 30, 2024, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934) adopted, terminated or modified a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K).

Table of Contents

Item 6. Exhibits

- 10.1* Credit Agreement, dated as of July 31, 2024, by and among Jushi Holdings Inc., the other loan parties that are parties thereto, the lenders that are party thereto, and Argent Institutional Trust Company, as agent for the lenders.
- 10.2* Form of Common Stock Purchase Warrant.
- 10.3* Second Amendment to Trust Indenture, dated July 31, 2024, by and between Jushi Holdings Inc. and Odyssey Trust Company.
- 10.4**# Amendment No. 3 to CEO Employment Agreement, dated as of August 14, 2024, by and among the Company, JMGT, LLC and Jim Cacioppo.
- 10.5***# Amendment No. 4 to CEO Employment Agreement, dated as of September 13, 2024, by and among the Company, JMGT, LLC and Jim Cacioppo.
- [10.6 Amendment No. 2 to Employment Agreement, dated as of November 5, 2024, by and among the Company, JMGT, LLC and Louis Jon Barack.](#)
- [31.1 Certification of Chief Executive Officer pursuant to Rule 13a-14\(a\) or Rule 15d — 14\(a\)](#)
- [31.2 Certification of Chief Financial Officer pursuant to Rule 13a-14\(a\) or Rule 15d — 14\(a\)](#)
- [32.1 Certification of Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act of 2002](#)
- [32.2 Certification of Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002](#)
- 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)

- # Management contract or compensatory plan or arrangement
- * Incorporated by reference to our Form 8-K filed August 6, 2024
- ** Incorporated by reference to our Form 8-K filed August 14, 2024
- *** Incorporated by reference to our Form 8-K filed September 17, 2024

Signature

Pursuant to the requirements 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.

JUSHI HOLDINGS INC.

Date: November 7, 2024

By: /s/ Michelle Mosier

Michelle Mosier

Chief Financial Officer and Chief Accounting Officer
(principal financial and accounting officer)

Amendment No. 2 to Employment Agreement

between JMGT, LLC, Jushi Holdings, Inc. and Louis Jon Barack

This Amendment No. 2 (“Agreement”) is entered into by and between JMGT, LLC (“Company”), Jushi Holdings, Inc. (“Parent”) and Louis Jon Barack (“Executive”) (collectively the “Parties”).

WHEREAS, effective May 1, 2019, JMGT, LLC and the Executive entered into an Employment Agreement (the “Employment Agreement”). Capitalized terms, to the extent not defined herein, shall be as defined in the Employment Agreement;

WHEREAS, on June 9, 2019, Jushi Holdings, Inc. became the parent company of JMGT, LLC.

WHEREAS, the Employment Agreement provided for an Anniversary Bonus of Fifty Thousand and No/100 Dollars (\$50,000.00) (as defined in the Employment Agreement);

WHEREAS, on June 9, 2020, the Employment Agreement was amended to remove the Anniversary Bonus and, instead, provide Executive with a discretionary performance-based bonus to be determined by the Compensation Committee of the Board of Directors;

WHEREAS, the Employment Agreement provides for a Severance Payment of six (6) months of Executive’s Base Salary for a termination without Cause or a Termination Due to a Change in Control (as defined in the Employment Agreement);

WHEREAS, on November 5, 2024, the Parent appointed Executive as Chief Revenue Officer in addition to his position as President;

WHEREAS, in an effort to retain Executive, and after consultation with the Parent’s Board of Directors (“Board”), the Parties have agreed to: (i) a target of up to 80% of his Base Salary for the performance-based bonus and provide for Executive to continue to be eligible for such performance-based bonus in a prorated manner if Executive’s Termination is due to a Change in Control before the payment date; and (ii) increase Executive’s Severance Payment from six (6) months to 12 months of the Executive’s Base Salary.

NOW THEREFORE, in consideration of the mutual promises contained herein, the Parties agree to the following:

1. Executive’s performance-based bonus will have an annual target of up to 80% of Employee’s Base Salary and can be paid in cash or stock at the Parent’s discretion and subject to Board approval, where applicable (“Short-Term Incentive Bonus”). In the case of Executive’s Termination due to a Change in Control, the Short-Term Incentive Bonus for the current measurement year, January - December, will be prorated based on the number of days Executive was employed by the Company during that fiscal year. The Short-Term Incentive Bonus program including the measurement year for the performance bonus is subject to change

2. Executive's Severance Payment shall be increased from six (6) months to 12 months of the Executive's Base Salary.
3. Section 3(d) of the Employment Agreement entitled "Expenses" and Section 24 of the Employment Agreement entitled "Code Section 409A Compliance" is hereby incorporated into this Agreement in full by reference.
4. By signing this Agreement, Executive acknowledges and agrees that, notwithstanding anything to the contrary in any agreement between Executive and the Company, or any of its affiliates, including, but not limited to the Employment Agreement and any equity award or any program, plan or arrangement of the Company, the Parent, or any of the Company or the Parent's affiliates, the change to the Executive's bonus when made shall constitute payment of such bonus in full, and has been implemented with Executive's consent and shall not constitute a breach of any obligation of the Company, the Parent, or any of the Company or the Parent's affiliates to the Executive.
5. Except as otherwise provided herein, nothing in this Agreement constitutes a waiver of any other compensation or benefits to which Executive may be entitled or a waiver of any of Executive's rights under any agreement between Executive and the Company and/or the Parent.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

EXECUTIVE
Date: November 5, 2024 By /s/ Louis Jon Barack
Louis Jon Barack

COMPANY
JMGT, LLC
Date: November 5, 2024 By /s/ Jim Cacioppo
Jim Cacioppo
Authorized Representative

PARENT
Jushi Holdings, Inc.
Date: November 5, 2024 By /s/ Jim Cacioppo
Jim Cacioppo
Chief Executive Officer

**Certification of Chief Executive Officer
pursuant to Rule 13a-14(a) or Rule 15d-14(a)**

I, James Cacioppo, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of Jushi Holdings 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)) 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) [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)];
 - (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.

Date: November 7, 2024

/s/ James Cacioppo

James Cacioppo

Chief Executive Officer
(principal executive officer)

**Certification of Chief Financial Officer
pursuant to Rule 13a-14(a) or Rule 15d-14(a)**

I, Michelle Mosier, certify that:

- (1) I have reviewed this quarterly report on Form 10-Q of Jushi Holdings 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)) 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) [paragraph omitted in accordance with Exchange Act Rule 13a-14(a)];
 - (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.

Date: November 7, 2024

/s/ Michelle Mosier

Michelle Mosier

Chief Financial Officer and Chief Accounting Officer
(principal financial and accounting officer)

**Certification of Chief Executive Officer
under Section 906 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. § 1350)**

In connection with the quarterly report of Jushi Holdings Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James Cacioppo, Chief Executive Officer of the Company, certify, to my best knowledge and belief, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 7, 2024

/s/ James Cacioppo

James Cacioppo

Chief Executive Officer
(principal executive officer)

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).

**Certification of Chief Financial Officer
under Section 906 of the Sarbanes-Oxley Act of 2002
(18 U.S.C. § 1350)**

In connection with the quarterly report of Jushi Holdings Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michelle Mosier, Chief Financial Officer and Chief Accounting Officer of the Company, certify to my best knowledge and belief, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a) or 78o(d)); and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: November 7, 2024

/s/ Michelle Mosier

Michelle Mosier
Chief Financial Officer and Chief Accounting Officer
(principal financial officer)

The foregoing certification is being furnished as an exhibit to the Report pursuant to Item 601(b)(32) of Regulation S-K and Section 906 of the Sarbanes-Oxley Act of 2002 and, accordingly, is not being filed with the Securities and Exchange Commission as part of the Report and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934 (whether made before or after the date of the Report, irrespective of any general incorporation language contained in such filing).