THIS MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR JUSHI HOLDINGS INC. ARE ALSO INCLUDED IN THE FORM 10-Q FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2025, FILED ON SEDAR IN ITS ENTIRETY

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 months ended March 31, 2025 (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 months ended March 31, 2025 (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, 2024, which are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2024, filed with the U.S. Securities and Exchange Commission ("SEC") on March 6, 2025 (the "2024 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.

Results of Operations

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

	Three Months Ended March 31,				2025 vs. 2024
	2025		2024		
	Amount	Percentage of Revenue	Amount	Percentage of Revenue	Change
REVENUE, NET	$ 63,846	100 %	$ 65,459	100 %	$ (1,613)
COST OF GOODS SOLD	(38,071)	(60)%	(33,129)	(51)%	(4,942)
GROSS PROFIT	25,775	40 %	32,330	49 %	(6,555)
OPERATING EXPENSES	27,646	43 %	28,211	43 %	(565)
INCOME (LOSS) FROM OPERATIONS	(1,871)	(3)%	4,119	6 %	(5,990)
OTHER INCOME (EXPENSE):					
Interest expense, net	(10,000)	(16)%	(9,544)	(15)%	(456)
Fair value gain (loss) on derivatives	637	1 %	(5,100)	(8)%	5,737
Other, net	3,197	5 %	1,917	3 %	1,280
Total other income (expense), net	(6,166)	(10)%	(12,727)	(19)%	6,561
LOSS BEFORE INCOME TAX	(8,037)	(13)%	(8,608)	(13)%	571
Income tax expense	(8,978)	(14)%	(9,747)	(15)%	769
NET LOSS	$ (17,015)	(27)%	$ (18,355)	(28)%	$ 1,340
LOSS PER SHARE - BASIC AND DILUTED	$ (0.09)		$ (0.09)		$ —
Weighted average shares outstanding - basic and diluted	195,196,597		195,131,642		64,955

Three Months Ended March 31, 2025 Compared with the Three Months Ended March 31, 2024

(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 March 31,			
	2025	2024	$ Change	% Change
Retail	$ 56,844	$ 57,369	$ (525)	(1)%
Wholesale	7,002	8,090	(1,088)	(13)%
Total revenue, net	$ 63,846	$ 65,459	$ (1,613)	(2)%

Revenue, net, was $63,846 compared to $65,459, a decrease of $1,613 or 2%.

Retail revenue decreased $525. While the overall units sold in our retail channel increased 6.1%, average price per unit declined. The results are primarily due to:

- a decline in sales in Illinois of $1,750 - while the average price per unit remained stable, the number of units sold decreased by approximately 13% due to increased competition as a result of new store openings by competitors in our markets since the prior quarter;
- a decline in sales in Massachusetts of $1,323 - the number of units sold decreased approximately 7% and the average price per unit declined due to continued competition and price compression;
- a decline in sales in Nevada of $708 - the number of units sold decreased by approximately 5% and the average price per unit declined which was driven by increased competition and price compression; and
- a decline in sales in Pennsylvania of $479 - while the number of units sold increased by approximately 20% driven in part by the opening of one new store in February 2025, the average price per unit declined due to increased competition and price compression.

These declines were partially offset by an increase in sales in Virginia of $1,355 primarily due to an increase in the number of units sold by approximately 19%, and an increase in sales in Ohio of $2,515 due to the transition to adult-use during the third quarter of 2024. Additionally in Ohio, beginning in the fourth quarter of 2024, our entry into management services agreement allowed us to consolidate two co-located medical and adult-use dispensaries. These dispensaries were acquired by us during the current quarter. Furthermore, we consolidated a third dispensary in Ohio which opened in February 2025 as a result of our gaining control through the management services agreement previously entered into. Including this new Ohio store, we had forty operating dispensaries in seven states as of March 31, 2025, as compared to thirty-five operating dispensaries in seven states on March 31, 2024.

Wholesale revenue decreased $1,088. The decrease is primarily attributable to a decline of $1,263 in Massachusetts due to lower bulk sales, as well as limited availability of products for third parties through our wholesale channel as we prioritized supplying our own retail stores.

Gross Profit

Gross profit was $25,775 compared to $32,330, a decrease of $6,555 or 20%. Gross profit margin decreased to 40% compared to 49%. The decrease in gross profit and gross profit margin was driven by competitive pricing pressure requiring higher discounting in our retail channel which resulted in lower sales dollars. In addition, higher production costs per unit from prior periods are being reflected in the current quarter’s cost of sales as products produced in prior quarters turn. Jushi branded product sales as a percentage of total retail revenue were 56% across the Company’s five vertical markets compared to 54% in the prior year.

Operating Expenses

Operating expenses were $27,646 compared to $28,211, a decrease of $565 or 2%. The following table presents information on our operating expenses for the periods indicated:

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024	$ Change	% Change
Salaries, wages and employee related expenses	$ 14,149	$ 14,147	$ 2	— %
Depreciation and amortization expense	4,597	3,278	1,319	40 %
Rent and related expenses	3,197	2,914	283	10 %
Professional fees and legal expenses	1,925	2,575	(650)	(25)%
Share-based compensation expense (forfeiture)	(307)	1,524	(1,831)	(120)%
Other expenses [(1)]	4,085	3,773	312	8 %
Total operating expenses	$ 27,646	$ 28,211	$ (565)	(2)%

(1) Other expenses are primarily comprised of marketing and selling expenses, insurance costs, administrative and licensing fees, software and technology costs, travel, entertainment and conferences and other.

Lower share-based compensation expense reflects higher forfeitures as well as lower value of share-based compensation granted. Depreciation and amortization expense increased due primarily to the 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 $10,000 compared to $9,544, an increase of $456, or 5%.

Fair Value gain (loss) on Derivatives

Fair value gain on derivatives was $637, compared to a loss of $5,100. 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 $3,197, compared to $1,917, a change of $1,280. The current quarter is primarily comprised of $2,850 in employee retention credit claims, including interest, received from the IRS. The prior quarter primarily includes $480 foreign exchange translation adjustment mainly relating to certain Second Lien Notes denominated in Canadian dollars, $400 reversal of legal claim accruals no longer required, and $399 gain on debt extinguishment.

Income Tax Expense

Total income tax expense was $8,978 compared to $9,747 in the prior year, a decrease of $769 or 8%. The decrease in income tax expense is primarily due to lower 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; and (vii) gain/loss on debt extinguishment. 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 March 31, 2025 and 2024, was $9,827 and $13,349, respectively, a decrease of $3,522 or 26%. The decrease in Adjusted EBITDA was primarily due to overall lower sales and margin, which was partially offset by payments received from the IRS in relation to employee retention credit claims.

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 March 31,	
	2025	2024
NET LOSS	$ (17,015)	$ (18,355)
Income tax expense	8,978	9,747
Interest expense, net	10,000	9,544
Depreciation and amortization [1]	8,035	6,836
EBITDA (Non-GAAP)	9,998	7,772
Non-cash share-based compensation	(307)	1,524
Fair value changes in derivatives	(637)	5,100
Other (income) expense, net [2]	773	(648)
Gain on debt extinguishment	—	(399)
Adjusted EBITDA (Non-GAAP)	$ 9,827	$ 13,349

(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 asset disposals; (iv) foreign exchange losses (gains); (v) indemnification asset adjustments related to acquisitions; and (vi) start-up costs.

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 $27,887 as of March 31, 2025.

The major components of our statements of cash flows for the three months ended March 31, 2025 and 2024, are as follows:

	Three Months Ended March 31,			
	2025	2024	$ Change	% Change
Net cash flows provided by operating activities	$ 7,529	$ 6,493	$ 1,036	(16)%
Net cash flows used in investing activities	(4,375)	(743)	(3,632)	(489)%
Net cash flows provided by (used in) financing activities	3,387	(6,491)	9,878	(152)%
Net change in cash, cash equivalents and restricted cash	$ 6,541	$ (741)	$ 7,282	(983)%

Operating activities

Cash provided by operations was $7,529, as compared to $6,493. The increase was primarily due to factoring certain employee retention credit claims and an increase in cash flow from working capital.

Investing activities

Net cash used in investing activities was $4,375 compared to $743. The current year includes $4,021 for the payments of property, plant and equipment for use in our operations, and $354 of intangible assets acquired. The prior year includes $1,077 for the payments of property, plant and equipment for use in our operations partially offset by $334 in proceeds from the sale of assets.

Financing activities

Net cash provided by financing activities was $3,387 compared to net cash used in financing activities of $6,491.

The current year cash flows provided by financing activities includes $4,608 of net proceeds from Second Lien Notes, which was partially offset by $465 in net finance lease obligation payments, $603 in payments of other financing activities, and $153 in payments of mortgage-related debt.

The prior year net cash flows used in financing activities includes $2,750 in payments on promissory notes in a note exchange, $2,438 payments related to the Acquisition Facility debt, $728 in net finance lease obligation payments, $586 in payments of other financing activities, and $37 in payments of mortgage-related debt, partially offset by $46 in proceeds from other financing activities and $2 of proceeds from exercise of options.

Liquidity

We believe that our existing cash and cash equivalents and cash from operations will be sufficient to meet our working capital and capital expenditure needs for at least the next twelve months. During the three months ended March 31, 2025, we enhanced liquidity by factoring certain employee retention credit claims and we also issued Second Lien Notes - refer to Note 4 - Prepaid Expenses and Other Current Assets and Note 8 - Debt of our Quarterly Financial Statements contained in Part I. Item 1 of this report for more information. We may choose to take advantage of additional opportunistic capital raising or refinancing transactions at any time. Depending on our future results of operations, we may need to engage in additional equity financing or other debt refinancing transactions in the longer term beyond twelve months, although there can be no assurances that such additional debt or equity financing may be obtained on favorable terms when required, if at all.

Off-Balance Sheet Arrangements and Contractual Obligations

As of March 31, 2025, 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.