



9/17/2024

Jushi Holdings (JUSHF)

Company Update

Sales	FY22a	FY23a	FY24e	Prev	FY25e	Prev	FY26e	Prev
1Q	61.9	69.9	65.5 A	65.5	65.3	70.9	78.5	93.1
2Q	72.8	66.4	64.6 A	67.6	67.5	72.8	83.6	103.4
3Q	72.8	65.4	65.2 E	69.6	75.1	85.0	86.4	108.0
4Q	<u>76.8</u>	<u>67.8</u>	<u>66.5</u> E	<u>71.6</u>	<u>77.5</u>	<u>89.9</u>	<u>88.1</u>	<u>113.2</u>
FY	284.3	269.4	261.8 E	274.3	285.3	318.6	336.6	417.7
EBITDA	FY22a	FY23a	FY24e	Prev	FY25e	Prev	FY26e	Prev
1Q	-0.9	7.6	13.3 A	13.3	15.2	14.8	19.4	21.3
2Q	0.5	12.6	14.5 A	13.0	15.7	15.4	20.8	23.6
3Q	27.5	5.3	14.8 E	13.9	17.7	18.5	21.5	24.6
4Q	<u>-20.0</u>	<u>15.2</u>	<u>15.4</u> E	<u>14.6</u>	<u>18.3</u>	<u>19.6</u>	<u>21.9</u>	<u>25.7</u>
FY	7.1	40.8	58.0 E	54.8	67.0	68.3	83.6	95.2

Share price (\$)	0.56	Perf.	JUSHF	MSOS ETF	S&P500	Stance:	Overweight
Share count (mn)	198.5	30d	-15%	-5%	3%		no price target
Market Cap (\$Mn)	111	90d	1%	1%	4%		FY=Dec
Ticker	JUSHF	1yr	-23%	-22%	25%		



\$Mn	FY24	FY25	FY26
Projected EV	393.8	386.5	368.8
EV/Sales	1.5x	1.4x	1.1x
EV/EBITDA	6.8x	5.8x	4.4x

	FY24	FY25	FY26
Net debt/Sales	-0.6x	-0.5x	-0.4x
Net debt/EBITDA	-2.7x	-2.2x	-1.6x
Free Cash Flow	23.0	7.3	17.7
Net debt	-154.7	-147.4	-129.7

Consensus	FY24	FY25	FY26
Sales	266.4	298.5	341.7
EBITDA	56.9	65.9	79.8

Guidance CY24:	n/a		
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Updated Estimates and Views

Following recent asset sales, B/S actions, improved cash flow (better profitability; state level 280E relief; partly on a more aggressive 280E stance at the federal level), and a refinancing (albeit not at “Greenthumbesque” levels) that extended maturity for a large loan by 2-years, Jushi is now in much better financial shape. We expect the company to expand in OH via M&A (it has one store there) and benefit from PA and VA flipping to rec down the line (we say PA by mid 2025 and VA by mid 2027). We believe the valuation is attractive at 1.5x CY24 FactSet consensus sales and 7.1x EBITDA. On a forward EV basis (see appendix, Jushi trades at 4.4x our CU25 EBITDA estimate).

About 2Q24. Sales were down 3% yoy (-1% qoq), with retail -4% (88% of sales) and wholesale (12%) up 12% yoy. Performance varied widely across states. For example, wholesale was up 72% in VA while MA was down 37%. Retail was up 18% in VA (it added a 6th store in Aug’23), while IL fell 4%, MA -6%, PA -11%, and NV -13%. Per the 2Q 10-Q, the retail sales drop was all deflation driven with volumes up in most states (price/unit down: NV -17%; IL -16%; MA -8%; PA was the exception being stable). But retail spreads have not been impacted as badly as deflation would imply, and faster growth in VA has helped the mix – thus gross margins increased 440bp yoy to 50.4%. Recurring cash SGA was 29% of sales (28% in 2Q23). EBITDA margins of 22.4% were up yoy (from 19%) and qoq (19.0%). Free cash flow for 1H24 was +\$10.3Mn compared with -\$16Mn in 1H23; while this is explained in part by better cost management and execution, the company’s new approach 280E also boosted cash flows. During 1H23 Jushi paid \$3.1Mn in income taxes, vs. -\$3.8Mn in 1H24 (as per the 10-Q. At the end of June, financial net debt was \$170Mn, or 2.9x the 2Q annualized EBITDA pace (this does not include \$127Mn in LT tax liabilities reported as “unrecognized tax benefits”).

On the balance sheet: Refinancing. Jushi disclosed on 7/31/24, that it was able to refinance \$53Mn in debt due 12/31/24 (with a new term loan of \$48.5Mn and \$7.4Mn cash on hand, also used for related fees). The \$48.5Mn term loan (2% original issue discount) carries an interest rate of 12.25% per annum paid quarterly (all in, factoring the 12% discount, this is an effective interest rate of 15.6%); principal payments equivalent to 2.5% per quarter (>\$1.2Mn) will start 12 months after closing (the loan will mature in late 2026). The term loan holders also received 5-year warrants with 40% coverage and a strike price of \$1 (vs. current share price of \$0.54); the 40% coverage implies the warrants give the term loan holders the right to buy up to 19.4mn shares (taking the \$1 strike price). Given the context, the 2-year breather is a big positive, even though the effective costs are high and reflective of the overall industry context. That said, we note Green Thumb on 9/12/24 closed on a \$150Mn 5-year facility with an interest rate of SOFR+5% paid quarterly (SOFR is at 5.33%), and no warrants attached (the effective rate is 10.7% pa).



State of states in the Jushi footprint. We estimate four states accounted for ~90% of Jushi sales in 2Q24 (in this order: PA, VA, IL, MA), with NV, CA, and OH, accounting for the rest. We review the company's top four markets here:

- Pennsylvania:** As per the official state data, 2Q24 sales reached \$426Mn, up 11% yoy. Combined average growth of 12% compares well with 5% yoy growth in CY23 (CY22 +8%). Active patients are up, and they seem to be spending more (\$322/month in 2Q24). Prices were down 15% yoy in 2Q, but they are stabilizing. We are confident the PA legislature will agree on the rules for a rec program in the next 12 months; we model rec from 7/1/25. See our recent [Zoom call](#) with the Republican and Democrats sponsors of the new legislation.
- Virginia:** We have limited data for the state, but sales continue to grow as evidenced by the Jushi reported numbers. We calculate the state is a \$250Mn run rate. There will soon be five MSOs with operations in the state's medical program (Verano acquired one of the two licenses held by Cannabist; Ayr won the lottery for the previous MedMen license). Given Ayr's balance sheet, we assume the company will be slow to build capacity and will buy from 3rd parties to supply its stores (it can open up to six). In the case of Verano, we understand the assets acquired had limited capacity. As a result, Jushi and Green Thumb, we understand, will be the best placed companies to supply the wholesale market. The next Governor election will be on 11/4/25; we only model rec sales from June 2027.
- Illinois:** 2Q24 sales reached \$505Mn (86% rec, 14% med), +2% qoq and +4% yoy (1Q24 +6% yoy), implying some acceleration for 1H24 vs. the +2.8% pace of CY23. That said, now 4.5 years since the start of rec sales, IL continues to underperform other rec markets, with only \$158 per capita spend (MI \$333). Moreover, despite a 13% increase in total stores qoq, the market was up only 2% qoq. As per the official state source, retailer rec prices for flower averaged \$9.22/gram in 2Q24 (\$32.41 per 1/8 oz), down 11% yoy (-29% 2-year stacked) but stable qoq. All this in a context of stabilizing wholesale prices. Indeed, as per Headset, flower retailer margins continue to drop (2Q24 \$3.25 per gram; 1Q24 \$3.36; CY avg \$3.57; CY22 avg \$4.91). The store count has been increasing at a faster pace than total sales, leading to rev/store dilution. As of 7/26/24, the IL regulator (IDFPR) had issued a total of 221 licenses for adult sales dispensaries vs. 196 as of 4/11/24 (a total of 61 new stores have opened since 10/1/23).
- Massachusetts:** 2Q24 sales of \$457Mn (89% rec; 11% med) were up 2% yoy (1Q24 was up 4% yoy), with rec +5% yoy and med -17%. As with most >5-year rec states, med sales have shrunk (11% of total sales now vs. 20% in 1Q22). We think of MA as a matured market, with little growth momentum now, and deflation an issue, especially at the retail level. All this said, annual per capita spend of \$262 is among the highest in the US ex Michigan (the outlier at \$333), annualizing the 2Q24 data. Retail prices were \$5.06/gram in Jun'24, as per the official state source (MD \$8.37 as per Headset, PA \$8.26 as the official state source), down 13% yoy, and -8% since Dec. Companies have pointed to stabilization, but the data points to lingering pressure, at least at the retail level.

Outlook: Management has been focused on managing costs and shoring up the B/S (*) and seeks to add depth to the footprint rather than enter other markets. In the short term, expanding in Ohio (where it has one store at present) is a key priority (via M&A). With several MSOs already capped out in the state, Jushi should be in a good position to benefit from deal opportunities. With the mix effect from VA growth (higher margins, strong cash flow) and OH ramp, Jushi is well on its way to 2x net debt to EBITDA. Optionality from PA (we say rec by July 2025) and VA (mid 2027, as per our projections), are also key parts of the investment case. In fact, we calculate Jushi is the MSO with the most upside to PA flipping rec (see our [2/20 report](#) for a detailed discussion of the stock's upside under various state legalization scenarios). (*) *Note: Besides, the refinancing, Jushi raised \$3Mn by selling a dispensary; extinguish a \$3.75mn deal related note; due to PA changing 280E rules in the state, it expects a \$1.5Mn one-time benefit and \$2.4Mn in annual tax savings.*

Valuation. We calculate a spot EV of \$409Mn (market cap \$11Mn; financial net debt \$170Mn; tax debt \$128Mn); we take the share count at 196.6mn plus 1.9mn in stock awards. Warrants are out of the money (besides the 19.4mn mentioned above at \$1, there are another 88.6mn with an average strike price of \$1.12); 16.5mn stock options have a strike price of \$1.61). On annualized 2Q24 numbers, the stock would be trading at 1.6x sales and 10.3x EBITDA. On CY24 consensus (FactSet), Jushi trades at 1.5x sales (vs. the MSO average of 1.8x; Green Thumb at 2.5x) and 7.1x EBITDA (MSO average 11.8x; Green Thumb 7.6x). We do not think of Jushi as a distressed credit (relative to other MSOs with a tough B/S predicament), and believe the valuation discount will narrow as OH and VA growth help the overall profit margin and cash flow mix, and as we get more visibility on the start of rec in PA and VA. We rate the stock OW. While we do not set price targets, if we took 12x EBITDA on our CY26 estimates, by Dec'25 (1yF) the stock could be at \$3.44 (7x lift).

Table 1: Companies mentioned in this report.

Company name	Ticker	Ticker	Rating
US MSOs			
4Front Ventures		FFNTF	Not rated
Acreage Holdings		ACRDF	will cover
Ascend Wellness		AAWH	Not rated
AYR Wellness		AYRWF	Not rated
Cannabist		CCHWF	Not rated
Cansortium		CNTMF	will cover
Cresco Labs		CRLBF	Overweight
Curaleaf Holdings		CURLF	will cover
GlassHouse Brands		GLASF	Not rated
Gold Flora		GRAM	Overweight
Goodness Growth		GDNSF	Not rated
Green Thumb Industries		GTBIF	Overweight
Grown Rogue		GRUSF	Not rated
Jushi Holdings		JUSHF	Overweight
MariMed		MRMD	Overweight
Planet 13 Holdings		PLNHF	Overweight
Schwazze		SHWZ	Not rated
StateHouse Holdings Inc		STHZF	Neutral
TerrAscend		TSNDF	Not rated
TILT Holdings		TLLTF	Neutral
Trulieve Cannabis		TCNNF	will cover
Verano Holdings		VRNOF	Overweight
Vext Science, Inc.		VEXTF	Overweight
Tech			
Leafly		LFLY	Not rated
Springbig		SBIG	Not rated
WM Technology		MAPS	Neutral

Company name	Ticker	Rating
Canada LPs		
Aurora Cannabis	ACB	Neutral
Auxly Cannabis Group	CBWTF	not rated
Avant Brands	AVTBF	not rated
Avicanna	AVCN	will cover
BZAM	BZAMF	not rated
Cannara Biotech	LOVFF	not rated
Canopy Growth Corporation	CGC	will cover
Cronos Group	CRON	not rated
Decibel Cannabis Co	DBCCF	Overweight
Organigram Holdings	OGI	will cover
Rubicon Organics	ROMJF	not rated
SNDL	SNDL	not rated
Tilray Brands	TLRY	Neutral
Village Farms Intl	VFF	Overweight
Finance Companies		
AFC Gamma	AFCG	Overweight
Chicago Atlantic REFC	REFI	Overweight
Innovative Industrial Properties	IIPR	will cover
New Lake Capital Partners	NLCP	Overweight
RIV Capital	CNPOF	not rated
SHF Holdings	SHFS	not rated
Silver Spike Inv Corp	SSIC	will cover
Other		
Intercure	INCR	Overweight
Lifted Partners	IWINF	will cover
Ispire Technology	ISPR	will cover
Smoores International	SMORF	will cover

Source: Z&A



Appendix I: Company Financials

17 September 2024

Jushi Holdings: Company Update

Exhibit 1: Financial highlights

US\$ Mn	FY22	FY23	1Q24	2Q24	3Q24e	4Q24e	FY24e	1Q25e	2Q25e	3Q25e	4Q25e	FY25e	FY26e
Sales	284.3	269.4	65.5	64.6	65.2	66.5	261.8	65.3	67.5	75.1	77.5	285.3	336.6
qoq ch %	na	na	-3%	-1%	1%	2%	na	-2%	3%	11%	3%	na	na
yoy ch %	36%	-5%	-6%	-3%	0%	-2%	-3%	0%	4%	15%	16%	9%	18%
guidance	na												
consensus					66.8	68.9	266.4	71.9	73.9	78.3	79.8	298.5	341.7
Profit margins													
Gross profit before FV adj	95.5	116.2	32.3	32.6	32.9	36.1	133.9	34.1	35.2	39.5	40.8	149.7	179.7
as % of sales	33.6%	43.1%	49.4%	50.4%	50.4%	54.3%	51.2%	52.2%	52.2%	52.6%	52.7%	52.5%	53.4%
Op exp	315.8	119.0	28.2	24.2	24.4	21.0	98.5	23.6	24.3	26.6	27.3	101.8	115.4
as % of sales	111.1%	44.2%	43.1%	37.4%	37.4%	31.5%	37.6%	36.1%	36.0%	35.4%	35.3%	35.7%	34.3%
EBIT	-220.3	-2.8	4.1	8.4	8.4	15.2	35.4	10.5	11.0	12.9	13.5	47.9	64.3
as % of sales	-77.5%	-1.0%	6.3%	13.0%	13.0%	22.8%	13.5%	16.0%	16.3%	17.2%	17.5%	16.8%	19.1%
adj EBITDA	7.1	40.8	13.3	14.5	14.8	15.4	58.0	15.2	15.7	17.7	18.3	67.0	83.6
as % of sales	2.5%	15.1%	20.4%	22.4%	22.7%	23.1%	22.2%	23.3%	23.3%	23.6%	23.7%	23.5%	24.8%
adj EBITDA - consensus					14.4	14.9	56.9	15.4	16.0	17.0	17.0	65.9	79.8
as % of sales					21.5%	21.6%	21.4%	na	na	na	na	22.1%	na
EPS													
Pre tax income	-193.9	-33.3	-8.6	7.4	2.0	8.8	9.6	4.1	4.6	6.6	7.2	22.4	38.9
Tax rate on gross profit	-36.2%	-26.6%	-30.1%	-28.6%	-20.0%	-20.0%	-342.6%	-20.0%	-20.0%	-20.0%	-20.0%	-133.4%	-92.3%
Net income	-202.3	-65.1	-18.4	-1.9	-4.6	1.6	-23.3	-2.7	-2.5	-1.3	-1.0	-7.5	3.0
Share count (for EPS purposes) M	204.2	194.8	195.1	195.1	195.1	195.1	195.1	195.1	195.1	195.1	195.1	195.1	195.1
EPS	-0.99	-0.33	-0.09	-0.01	-0.02	0.01	-0.12	-0.01	-0.01	-0.01	-0.01	-0.04	0.02
consensus					-0.04	-0.03	-0.17	-0.03	-0.03	-0.02	-0.02	-0.12	-0.06
BS & CF highlights													
Operating cash flow	-21.4	-3.3	6.5	5.5	11.6	3.2	26.8	5.5	-12.3	14.5	5.6	13.3	23.7
(-) Capex	-56.9	-10.7	-1.1	-0.7	-1.0	-1.0	-3.8	-1.5	-1.5	-1.5	-1.5	-6.0	-6.0
Free cash flow	-78.3	-14.1	5.4	4.9	10.6	2.2	23.0	4.0	-13.8	13.0	4.1	7.3	17.7
Ending net cash (debt)	-163.1	-183.4	-178.6	-169.6	-156.8	-154.7	-154.7	-150.6	-164.4	-151.5	-147.4	-147.4	-129.7
LTM EBITDA	7.1	40.8	46.5	48.4	57.9	58.0	58.0	59.9	61.1	64.0	67.0	67.0	83.6
Net debt/EBITDA	-23.1x	-4.5x	-1.0x	-0.9x	-0.7x	-0.7x	-2.7x	-0.6x	-0.7x	-0.6x	-0.6x	-2.2x	-1.6x
Net debt/Sales	-0.6x	-0.7x	-0.7x	-0.7x	-0.6x	-0.6x	-0.6x	-0.6x	-0.6x	-0.5x	-0.5x	-0.5x	-0.4x
Equity	47.3	-6.2	-22.2	-23.8	-28.3	-26.7	-26.7	-29.4	-31.9	-33.2	-34.2	-34.2	-31.2
Income taxes paid	11.7	2.8	-1.5	-2.3	na	na	na	na	na	na	na	na	na

Source: Z&A estimates, company reports

17 September 2024

Jushi Holdings: Company Update

Exhibit 2: Sales projections

US\$ 000s	Dec FY22	Dec FY23	Mar 1Q24	Jun 2Q24	Sep 3Q24e	Dec 4Q24e	Dec FY24e	Mar 1Q25e	Jun 2Q25e	Sep 3Q25e	Dec 4Q25e	Dec FY25e	Dec FY26e
Consolidated sales	284,344	269,446	65,459	64,595	65,188	66,515	261,758	65,311	67,462	75,102	77,463	285,337	336,557
Other rev	108	0	0	0	0	0	0	0	0	0	0	0	0
Retail	261,042	239,351	57,369	56,992	57,246	58,191	229,798	56,840	58,509	63,864	65,332	244,545	278,326
Wholesale	23,194	30,094	8,090	7,603	7,942	8,324	31,959	8,470	8,953	11,238	12,130	40,791	58,232
YoY chg %	38%	-5%	-6%	-3%	0%	-2%	-3%	0%	4%	15%	16%	9%	18%
Retail	34%	-8%	-8%	-4%	-2%	-1%	-4%	-1%	3%	12%	12%	6%	14%
Wholesale	109%	30%	7%	12%	16%	-6%	6%	5%	18%	42%	46%	28%	43%
QoQ chg %	na	na	-3%	-1%	1%	2%	na	-2%	3%	11%	3%	na	na
Retail	na	na	-3%	-1%	0%	2%	na	-2%	3%	9%	2%	na	na
Wholesale	na	na	-9%	-6%	4%	5%	na	2%	6%	26%	8%	na	na
PA	126,936	90,675	18,913	18,414	17,650	17,397	72,375	17,143	16,601	22,598	24,622	80,964	113,011
retail	112,099	77,826	16,446	16,392	15,698	15,473	64,009	15,247	14,765	19,018	20,458	69,488	90,612
wholesale	14,837	12,850	2,467	2,022	1,952	1,924	8,366	1,896	1,836	3,581	4,164	11,476	22,399
IL	71,392	55,248	13,308	12,777	12,399	12,142	50,625	11,293	11,619	11,305	11,004	45,220	44,449
retail	71,392	55,248	13,308	12,777	12,399	12,142	50,625	11,293	11,619	11,305	11,004	45,220	44,449
wholesale	0	0	0	0	0	0	0	0	0	0	0	0	0
MA	43,089	50,833	10,725	10,168	10,498	9,898	41,288	9,139	9,495	9,890	9,656	38,179	36,914
retail	37,422	44,866	9,417	9,095	9,412	8,955	36,879	8,225	8,546	8,901	8,690	34,361	33,028
wholesale	5,667	5,967	1,308	1,073	1,086	943	4,409	914	950	989	966	3,818	3,886
VA	20,285	44,993	15,429	16,823	18,246	19,822	70,320	20,029	20,840	21,670	22,338	84,876	97,733
retail	18,062	33,715	11,448	12,514	13,584	14,658	52,205	14,688	15,032	15,378	15,726	60,824	67,572
wholesale	2,223	11,278	3,981	4,309	4,662	5,164	18,115	5,341	5,808	6,291	6,612	24,052	30,161
CA	8,090	8,250	1,806	1,760	1,517	1,245	6,327	1,233	1,324	1,294	1,274	5,125	5,244
retail	8,090	8,250	1,806	1,760	1,517	1,245	6,327	1,233	1,324	1,294	1,274	5,125	5,244
wholesale	0	0	0	0	0	0	0	0	0	0	0	0	0
NV	12,971	16,314	4,426	3,834	3,650	3,614	15,524	3,686	3,833	3,718	3,644	14,882	15,264
retail	12,971	16,314	4,153	3,676	3,496	3,461	14,787	3,530	3,671	3,561	3,490	14,253	14,619
wholesale	0	0	273	157	154	153	738	156	162	157	154	629	645
OH	1,234	3,133	852	820	1,228	2,398	5,298	2,788	3,750	4,627	4,925	16,090	23,943
retail	767	3,133	791	778	1,140	2,257	4,966	2,624	3,552	4,407	4,690	15,274	22,802
wholesale	467	0	61	42	88	141	332	164	197	220	235	816	1,140

Source: Z&A estimates, company reports

17 September 2024

Jushi Holdings: Company Update

Exhibit 3: Market growth assumptions

US\$ Mn	CY21	CY22	CY23	1Q24	2Q24e	3Q24e	4Q24e	CY24e	1Q25e	2Q25e	3Q25e	4Q25e	CY25e	CY26e	CY27e	rec began
Total	25,035	25,711	28,496	7,335	7,585	7,830	7,898	30,648	8,135	8,460	8,811	8,931	34,338	38,252	42,619	
rec	15,961	16,581	18,264	4,688	4,900	5,120	5,175	19,883	5,267	5,551	5,924	6,012	22,754	26,667	30,915	
med	9,074	9,130	10,232	2,648	2,685	2,710	2,723	10,765	2,868	2,910	2,887	2,919	11,584	11,586	11,705	
Total (med/rec)	25,035	25,711	28,496	7,335	7,585	7,830	7,898	30,648	8,135	8,460	8,811	8,931	34,338	38,252	42,619	
AZ	1,359	1,426	1,376	325	301	311	331	1,267	325	306	316	337	1,284	1,306	1,330	Jan'21
CA	5,780	5,393	5,174	1,204	1,294	1,264	1,245	5,007	1,233	1,324	1,294	1,274	5,125	5,244	5,362	Oct'16
CO	2,229	1,769	1,529	356	360	378	318	1,413	342	345	362	305	1,354	1,345	1,348	Jan'14
CT	150	150	277	73	73	76	76	298	80	84	89	93	346	419	493	Jan'23
FLA	1,616	1,705	1,860	489	480	497	501	1,966	491	488	487	487	1,953	2,603	4,526	Jul'26
GA	1	16	49	21	27	29	32	109	34	34	34	34	136	156	157	med
IL	1,776	1,907	1,960	493	505	517	528	2,042	513	528	538	550	2,130	2,222	2,320	Jan'20
MA	1,644	1,755	1,806	441	457	483	471	1,852	457	475	494	483	1,909	1,943	1,977	Nov'18
MD	551	509	787	273	284	279	286	1,121	298	309	320	332	1,259	1,458	1,700	Jul'23
ME	93	171	229	58	63	76	67	265	66	72	87	77	303	346	396	Oct'20
MI	1,793	2,294	3,029	793	837	912	892	3,433	919	947	975	1,005	3,846	4,075	4,165	Dec'19
MN	25	36	66	19	20	21	21	80	18	17	15	15	66	376	619	Jan'26
MO	210	390	1,338	348	363	375	381	1,467	385	395	405	409	1,593	1,708	1,833	Feb'23
NH	17	20	24	7	7	7	7	27	8	8	8	8	30	34	37	med
NJ	217	556	800	225	235	245	256	962	267	279	291	303	1,142	1,251	1,371	Apr'22
NM	119	358	556	147	150	156	156	609	157	158	162	162	640	654	670	Apr'22
NV	1,042	882	825	219	210	206	204	838	208	216	209	205	838	860	884	Jul'17
NY	250	265	431	138	152	172	192	654	201	216	230	245	892	1,164	1,259	Dec'22
OH	379	467	482	122	120	175	282	699	328	395	441	469	1,632	2,280	2,658	3Q24
OK	941	780	728	179	185	175	175	714	179	185	175	175	714	724	735	med
OR	1,184	994	955	234	243	249	242	968	239	248	254	247	988	1,008	1,028	Oct'15
PA	1,353	1,457	1,530	411	426	411	405	1,653	399	387	539	591	1,916	2,753	3,104	Jul'25
RI	44	53	108	29	30	29	29	117	24	24	24	24	96	106	115	Dec'22
VA	27	100	167	52	57	62	67	237	67	68	70	71	276	307	583	Jun'27
VT	8	9	11	3	3	3	3	12	3	3	3	3	14	15	17	May'22
WA	1,422	1,294	1,259	305	314	327	319	1,265	307	316	328	321	1,272	1,278	1,284	Jul'14
WV	0	22	66	20	21	22	22	85	23	24	25	26	99	116	133	med
Other states	804	932	1,073	353	369	375	391	1,488	565	611	632	679	2,486	2,501	2,515	

Source: Z&A estimates, Headset, state official data

17 September 2024

Jushi Holdings: Company Update

Exhibit 4: Cash Flow

SUMMARY CASH FLOW	FY22	FY23	1Q24	2Q24	3Q24e	4Q24e	FY24e	1Q25e	2Q25e	3Q25e	4Q25e	FY25e	FY26e
<i>US\$000s</i>													
Net earnings	-202,324	-65,102	-18,355	-1,938	-4,531	1,574	-23,250	-2,685	-2,427	-1,313	-998	-7,423	2,961
(+) D&A	26,492	26,588	6,836	7,377	6,361	195	20,769	4,728	4,758	4,788	4,818	19,091	19,300
Cash earnings	-175,832	-38,514	-11,519	5,439	1,829	1,769	-2,481	2,043	2,331	3,475	3,820	11,668	22,260
(-) Working capital changes	31,266	-11,460	3,804	-3,692	9,705	1,414	11,231	3,454	-14,658	10,977	1,744	1,517	1,474
(-) Other operating flows	123,150	46,656	14,208	3,801	46	-16	18,039	27	25	13	10	75	-30
Operating cash flow	-21,416	-3,318	6,493	5,548	11,581	3,167	26,789	5,524	-12,302	14,464	5,574	13,260	23,704
(-) net capex	-56,881	-10,743	-1,077	-687	-1,000	-1,000	-3,764	-1,500	-1,500	-1,500	-1,500	-6,000	-6,000
Free cash flow	-78,297	-14,061	5,416	4,861	10,581	2,167	23,025	4,024	-13,802	12,964	4,074	7,260	17,704
(-) acquisitions	-20,978	0	0	0	0	0	0	0	0	0	0	0	0
(-) divestitures	0	0	0	0	0	0	0	0	0	0	0	0	0
(-) other	-47,657	-6,273	-661	4,222	2,150	0	5,711	0	0	0	0	0	0
(+) share issuance/warrants exercise	13,680	0	0	0	0	0	0	0	0	0	0	0	0
(-) stock options/warrants	1,203	0	2	5	0	0	7	0	0	0	0	0	0
Change in net	-132,049	-20,334	4,757	9,088	12,731	2,167	28,743	4,024	-13,802	12,964	4,074	7,260	17,704
Ending net (debt)	-163,066	-183,400	-178,643	-169,555	-156,824	-154,657	-154,657	-150,634	-164,436	-151,471	-147,397	-147,397	-129,693
Cash/inv/sec	26,196	29,155	28,414	32,880	40,657	42,824	42,824	46,847	33,045	46,010	50,084	50,084	67,788
Gross debts/loans/bonds	189,262	212,555	207,057	202,435	197,481	197,481	197,481	197,481	197,481	197,481	197,481	197,481	197,481
<i>Net debt / Sales</i>	<i>-0.6x</i>	<i>-0.7x</i>	<i>-0.7x</i>	<i>-0.7x</i>	<i>-0.6x</i>	<i>-0.6x</i>	<i>-0.6x</i>	<i>-0.6x</i>	<i>-0.6x</i>	<i>-0.5x</i>	<i>-0.5x</i>	<i>-0.5x</i>	<i>-0.4x</i>
<i>Net debt / Adj EBITDA</i>	<i>-23.1x</i>	<i>-4.5x</i>	<i>-3.3x</i>	<i>-2.9x</i>	<i>-2.6x</i>	<i>-2.5x</i>	<i>-2.7x</i>	<i>-2.5x</i>	<i>-2.6x</i>	<i>-2.1x</i>	<i>-2.0x</i>	<i>-2.2x</i>	<i>-1.6x</i>

Source: Z&A estimates, company reports



Appendix II: Valuation Comps

17 September 2024

Jushi Holdings: Company Update

Exhibit 5: US MSO Valuation Comps (note: we show all MSO tiers here, but realize not at all relevant direct comps to Jushi)

US\$Mn 16-Sep-24	Z&A Spot EV / Sales			Z&A Spot EV / EBITDA			Financial Net Debt				Broadly Defined Net Debt			
							Sales		EBITDA		Sales		EBITDA	
	Current	CY24e	CY25e	2023	2024	2025	CY24	Current	CY24	Current	CY24	Current	CY24	Current
US MSOs	0.9x	1.8x	1.6x	12.9x	11.8x	7.7x								
Acreage Holdings	0.6x	1.3x	na	11.3x	6.7x	na	-1.0x	-1.6x	-4.9x	-33.2x	-1.2x	-2.0x	-6.1x	-40.9x
Ascend Wellness	1.4x	1.2x	1.1x	6.6x	6.1x	5.4x	-0.4x	-0.4x	-2.0x	-1.5x	-0.8x	-0.8x	-4.2x	-3.3x
Ayr Wellness	1.3x	1.3x	1.1x	5.4x	5.5x	4.4x	-0.7x	-0.8x	-3.2x	-3.1x	-0.6x	-0.7x	-2.8x	-2.7x
Cannabist Co	0.9x	1.0x	0.9x	6.9x	6.9x	5.5x	-0.6x	-0.5x	-4.0x	-2.7x	-0.7x	-0.7x	-5.3x	-3.7x
Consortium	5.5x	na	na	19.4x	na	na	na	na	na	na	na	na	na	na
Cresco Labs	1.8x	1.8x	1.7x	7.8x	6.4x	6.1x	-0.5x	-0.5x	-1.9x	-1.8x	-0.8x	-0.8x	-2.8x	-2.7x
Curaleaf	3.1x	3.0x	2.7x	13.7x	13.1x	10.7x	0.0x	0.0x	0.0x	0.0x	-1.3x	-1.3x	-5.6x	-6.2x
4Front Ventures	1.9x	na	na	18.3x	na	na	na	-1.0x	na	-1.4x	na	-1.7x	na	-2.3x
Glass House	5.5x	4.2x	na	35.9x	21.3x	na	-0.2x	na	-1.0x	na	-0.4x	-0.4x	-2.0x	-1.5x
Gold Flora	1.1x	1.0x	0.8x	na	55.7x	6.3x	na	-0.3x	na	na	na	-0.9x	na	na
Goodness Growth	1.9x	1.7x	na	9.7x	7.3x	na	-0.6x	-0.6x	-2.7x	-1.9x	-1.0x	-1.0x	-4.3x	-3.0x
Green Thumb	2.6x	2.5x	2.3x	8.5x	7.6x	7.3x	-0.1x	-0.1x	-0.3x	-0.3x	-0.1x	-0.1x	-0.4x	-0.3x
Grown Rogue	-25.7x	na	na	18.7x	na	na	na	na	na	na	na	na	na	na
iAnthus	1.4x	na	na	na	na	na	na	-0.9x	na	-5.3x	na	-0.9x	na	-5.4x
Jushi	1.5x	1.5x	1.4x	10.0x	7.1x	6.2x	-0.6x	-0.7x	-3.0x	-2.9x	-1.1x	-1.2x	-5.2x	-5.1x
MariMed	1.1x	1.0x	0.8x	6.6x	8.3x	4.6x	-0.4x	-0.4x	-3.2x	-3.6x	-0.5x	-0.5x	-4.0x	-4.6x
Planet 13	2.0x	1.6x	1.2x	-8.3x	17.0x	7.3x	0.1x	0.1x	1.6x	2.0x	0.0x	0.0x	0.2x	0.3x
Schwazze	1.2x	1.2x	na	3.8x	5.4x	na	-0.9x	-0.8x	-4.1x	na	-1.1x	-1.0x	-5.0x	na
StateHouse	1.9x	na	na	na	na	na	na	-1.1x	na	-12.3x	na	-1.8x	na	-20.8x
TerrAscend	3.2x	3.2x	3.1x	14.7x	15.9x	13.8x	-0.9x	-0.9x	-4.6x	-4.7x	-1.9x	-1.9x	-9.1x	-9.3x
TILT	0.7x	0.9x	0.7x	54.3x	na	18.3x	-0.5x	-0.4x	20.8x	688.6x	-0.9x	-0.8x	37.1x	1228.7x
Trulieve	2.4x	2.3x	2.2x	8.6x	7.1x	7.1x	-0.2x	-0.2x	-0.7x	-0.8x	-0.5x	-0.5x	-1.6x	-1.8x
Verano	1.8x	1.8x	1.7x	5.5x	5.9x	5.3x	-0.3x	-0.3x	-0.9x	-0.9x	-0.6x	-0.6x	-1.9x	-1.9x
Vext	2.2x	2.1x	na	14.2x	10.0x	na	-0.8x	-1.0x	-4.1x	-4.5x	-0.8x	-1.0x	-4.1x	-4.5x

1) We take FactSet consensus estimates for CY24e and CY25e multiples

2) By "current", we mean the latest reported qtr annualized

Source: FactSet and company reports

17 September 2024

Jushi Holdings: Company Update

Exhibit 6: US MSO EV Calculations

US\$Mn 16-Sep-24	FactSet Spot EV	Z&A Spot EV	US\$ price	mn shares	mn deriv	Total Mkt Cap	Financial net debt	Net leases	Income tax liab.	Conting Cons.	ITM deriv inflow	Total BDND	Pref Stock Min Int
US MSOs													
Acreage Holdings	246	344	0.21	125.0	34.6	33	-252	-2	-57			-311	
Ascend Wellness	700	701	0.96	213.9	13.3	218	-226	-134	-123			-483	
Ayr Wellness	720	618	2.11	114.0	31.1	307	-359	4	-11	0	55	-311	
Cannabist Co	607	480	0.23	469.6	20.0	113	-276	-27	-65	0		-367	
Cansortium	140	149	0.17	304.9	5.6	53	-59	-9	-29			-97	
Cresco Labs	1,120	1,356	1.70	442.6	9.2	768	-395	-56	-128	-9		-588	
Curaleaf	2,919	4,168	2.99	742.3	11.2	2,253	8	-1,115	-672	-18		-1,796	119
4Front Ventures	259	184	0.05	915.2	3.8	50	-79	-8	-40	-6	0	-134	
Glass House	631	882	9.50	74.8	1.7	726	-42	0	-8	-33		-83	72
Gold Flora	130	137	0.09	287.6	0.0	24	-37	-31	-41	-4		-113	
Goodness Growth	117	166	0.47	144.7		69	-61	-9	-27			-97	
Green Thumb	2,671	2,783	10.78	237.0	9.3	2,655	-114	-26	-25	0	37	-128	
Grown Rogue	75	93	0.65	143.5		93	0	0	0	0		0	
iAnthus	79	242	0.01	6,615.3		81	-156	-6				-162	
Jushi	380	409	0.56	196.6	1.9	111	-170	0	-128			-298	
MarimMed	147	164	0.17	380.6	5.0	64	-63	-1	-16			-80	19
Planet 13	147	198	0.62	325.2	0.3	201	18	-6	-5	-5		2	
Schwazze	186	201	0.19	80.2		15	-151	-2	-33	0		-186	
StateHouse	146	202	0.02	256.4	138.6	8	-114	-10	-54	-22	7	-192	2
TerrAscend	566	1,010	1.17	351.2	15.3	429	-293	-169	-6	-114		-581	
TILT	112	112	0.01	390.5	4.4	6	-59	-44	-3			-106	
Trulieve	2,033	2,764	11.32	186.0	3.3	2,143	-264	-20	-333	-5		-622	
Verano	1,484	1,679	3.24	346.4	8.7	1,151	-266	-6	-251	-4		-527	
Vext	56	78	0.19	245.5	3.4	46	-32	0				-32	

Source: FactSet, company reports, Z&A calculations

Exhibit 7: Stock Performance

16-Sep-24	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
US MSOs			
Ascend	-10%	4%	-19%
Ayr	15%	16%	-26%
Cannabist	-19%	29%	-83%
Consortium	36%	21%	70%
Cresco	-11%	5%	-31%
Curaleaf	-5%	-25%	-45%
4Front	-13%	-39%	-79%
GlassHouse	-3%	39%	98%
Gold Flora	-12%	-54%	-46%
Vireo	-18%	-1%	163%
Grown Rogue	0%	-6%	210%
Green Thumb	0%	-5%	-7%
iAnthus	-17%	-28%	-57%
Jushi	-15%	1%	-23%
MarlMed	-40%	-13%	-66%
Planet13	-2%	27%	-31%
Schwazze	-5%	-54%	-81%
StateHouse	-33%	100%	-65%
Trulieve	14%	33%	59%
TerrAscend	-28%	-11%	-47%
Vext	4%	7%	-12%
Verano	-22%	3%	-33%

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
Canadian LPs			
Aurora	-14%	3%	-30%
Avant	-19%	-45%	-80%
Auxly	-15%	30%	111%
Cannara	4%	-3%	-32%
Canopy	-28%	-32%	-61%
Cronos	-5%	-6%	-9%
Decibel	58%	-5%	-60%
Entourage	17%	-17%	-38%
High Tide	13%	-11%	12%
Nova	2%	36%	211%
OGI	-1%	24%	7%
Rubicon	-8%	-10%	-18%
SNDL	0%	10%	-1%
Tilray	-6%	6%	-40%
VFF	-3%	-2%	-1%
CBD			
CVSI	-12%	-44%	-13%
CWEB	0%	-11%	-58%
LFID	-37%	-47%	-67%
International			
InterCure	0%	-44%	-13%
PharmaCielo	-9%	26%	55%

	Stock Performance		
	Last	Last	Last
Ticker	30d	90d	12mo
MJ Fincos			
AFCG	6%	-15%	-17%
CNPOF	23%	21%	-1%
IIPR	14%	25%	54%
NLCP	-4%	0%	45%
SHFS	-8%	-5%	-7%
SSIC	0%	-2%	23%
REFI	6%	2%	8%
Tech			
LFLY	-12%	-24%	-82%
SBIG	-40%	-59%	-60%
MAPS	-6%	-4%	-40%
Vape parts			
GNLN	-65%	5%	-37%
ISPR	3%	6%	-7%
SMORF	0%	-2%	30%
TLLTF	-21%	-54%	-67%
Index			
S&P 500	3%	4%	25%
S&P 477	6%	10%	18%
Nasdaq	6%	25%	42%
MSOS ETF	-5%	1%	-22%
YOLO ETF	-1%	-3%	-14%

Source: FactSet



Appendix III: Bio and Disclaimers



Analyst Bio

Pablo Zuanic is a well-known and highly rated equity analyst following the cannabis and psychedelics sector. Over the past five years he launched coverage of over 40 companies in the US, Canada, and overseas (MSOs, LPs, CBD, ancillary, psychedelics), kept close track of sectoral trends, and followed the reform process in the US, Canada, Germany, Australia, and elsewhere. His firm Zuanic & Associates publishes equity research on the cannabis and psychedelics sectors, both from a macro/sectoral level in a thematic manner, as well as on listed stocks. The research service is aimed at institutional investors and corporations. The firm is also available for short-term consulting and research advisory projects. Now, more than a year since its inception, the firm has collaborated with over 25 companies (in North America and overseas; plant touching and service providers; public and private), both on an on-going basis as well for specific projects. At various points in his career, Pablo Zuanic was II ranked and called as expert witness in industry investigations. He has a deep global background having covered stocks over the past 20 years in the US, Europe, Latin America, and Asia, across consumer sub sectors. Prior employers include JP Morgan, Barings, and Cantor Fitzgerald. An MBA graduate of Harvard Business School, he started his career as a management consultant, which brings a strategic mindset to his approach to equity research. *Pablo Zuanic can be contacted via the company's portal www.zuanicassociates.com; via email at pablo.zuanic@zuanicgroup.com; or via X @420Odysseus.*



Disclosures and Disclaimers

About the firm: Zuanic & Associates is a domestic limited liability company (LLC) registered in the state of New Jersey. The company's registered address is Five Greentree Centre, 525 Route 73, N Suite 104, Marlton, New Jersey 08053, USA. Pablo Zuanic is the registered agent. The firm publishes equity research on selected stocks in the cannabis and psychedelics sector, as well as thematic macro industry notes. The firm also provides consulting, research, and advisory services. Potential conflicts of interest are duly reflected in the respective specific company reports.

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