

Green Thumb Industries Boosts Profit as Store Count Expands

Green Thumb Industries Reports 54% Q2 Earnings Surge with Expansion of Dispensary Network

Green Thumb Industries Inc. (GTI) has reported a remarkable 54% surge in its second-quarter earnings, showcasing the company's robust growth and strategic expansion. This impressive financial performance comes amid the opening of new dispensaries and ongoing participation in emerging cannabis markets, despite facing substantial tax challenges.

Earnings Surge

Green Thumb Industries reported second-quarter earnings of \$20.7 million, or 9 cents per share, up from \$13.4 million, or 5 cents per share, in the same period last year. This earnings performance significantly exceeded the FactSet consensus estimate of 6 cents per share, highlighting the company's strong financial health and operational efficiency.

Revenue and Expansion

The company's revenue for the quarter reached \$280.15 million, surpassing the analyst estimate of \$277.2 million. A key driver of this revenue growth was the opening of 11 new dispensaries during the quarter. The expansion of its dispensary network has been instrumental in boosting Green Thumb's earnings, as it continues to capture a larger share of the growing cannabis market.

Tax Challenges

Despite the positive financial results, Green Thumb Industries faced significant tax burdens during the quarter. The company paid over \$50 million in taxes, largely due to the 280E tax law. This law prevents cannabis companies from claiming standard business deductions, thereby increasing their tax liabilities.

The potential reclassification of cannabis to Schedule III of the U.S. Controlled Substances Act could alleviate some of these tax burdens. However, Green Thumb's CEO, *Ben Kovler*, expressed frustration with the slow progress of the rescheduling process. "The pace of regulatory change is frustratingly slow, and the tax burden remains a significant challenge for our industry," *Kovler* said.

Market Participation

Green Thumb Industries is actively involved in the launch of the adult-use cannabis market in Ohio, building on its recent successes in Maryland's adult-use market. These market expansions are expected to further drive the company's growth and solidify its presence in the competitive cannabis industry.

Despite these advancements, Green Thumb Industries' stock has experienced a 10.8% decline, reflecting broader market volatility and investor concerns over regulatory uncertainties and tax challenges.

Green Thumb Industries' 54% earnings surge in Q2 underscores the company's strong growth trajectory and successful expansion strategy. The opening of new dispensaries and participation in emerging markets have been key drivers of this performance. However, significant tax challenges and regulatory uncertainties remain hurdles that the company must navigate. As Green Thumb continues to expand and adapt to the evolving cannabis market, its financial health and strategic initiatives position it well for future growth.

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