THESE FINANCIAL STATEMENTS FOR TRULIEVE CANNABIS CORP.

ARE ALSO INCLUDED IN THE FORM 10-K FOR THE

YEAR ENDED DECEMBER 31, 2024

FILED ON SEDAR ON FEBRUARY 27, 2025 IN ITS ENTIRETY

Item 8. Consolidated Financial Statements and Supplementary Data

TRULIEVE CANNABIS CORP.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
Trulieve Cannabis Corp.

Opinion on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheet of Trulieve Cannabis Corp. and its subsidiaries (the "Company") as of December 31, 2024, and the related consolidated statements of operations, changes in shareholders' equity, and cash flows for the year ended December 31, 2024, and the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the year ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Basis for Opinion

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Annual Report on Internal Control Over Financial Reporting*. Our responsibility is to express an opinion on the entity's consolidated financial statements and an opinion on the entity's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audit of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

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

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

Critical Audit Matters

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

Valuation of Inventory

Description of the Matter

As described in Notes 3 and 6 to the consolidated financial statements, as of December 31, 2024, the Company had an inventory balance of $231.4 million that was comprised of raw materials (including cannabis plants, packaging and supplies), work in process, and finished goods. Inventory is valued at the lower of cost or net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion, disposal, and transportation for inventories in process. Costs of internally produced inventory are determined using the weighted-average cost method. The Company periodically reviews its inventory and identifies that which is excess, slow moving and obsolete by considering factors such as inventory levels, expected product life and forecasted sales demand. Any identified excess, slow moving and obsolete inventory is written down to its net realizable value through a charge to cost of goods sold.

We identified the valuation of inventory as a critical audit matter because of the significance of this balance sheet account, the significant assumptions management makes with regards to its valuation of inventory, and the increased extent of effort required in performing our audit procedures to evaluate the reasonableness of management's assumptions and estimates.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the inventory valuation process. For example, we tested controls over management's review of the inventory valuation calculations, as well as management's assumptions and the underlying data used in the calculations.

To test inventory valuation, our procedures included, among others, the following:

- evaluating the appropriateness of the Company's methodologies, significant assumptions, and underlying data and inputs used in valuing inventory by comparing significant assumptions used by management to historical information, independent calculations, and evidence obtained in other areas of the audit,

- evaluating the appropriateness of the Company’s methodologies, significant assumptions, and underlying data and inputs used by management in their assessment of net realizable value and their estimated reserve for excess, slow moving and obsolete inventory by comparing significant assumptions used by management to historical information, independent calculations, current selling prices and costs, and evidence obtained in other areas of the audit,
- performing observations of the Company’s physical inventory counts, including independent test counts thereon, and
- testing the accuracy of the Company’s calculations and assessing the completeness and accuracy of the underlying data used in the calculations.

Evaluation of Uncertain Tax Positions

Description of the Matter

As described in Notes 3 and 16 to the consolidated financial statements, as of December 31, 2024, the Company had uncertain tax position liabilities of $445.2 million, which consisted primarily of $412.6 million related to the Company's tax positions based on legal interpretations that challenge the Company's tax liability under IRC Section 280E and $32.0 million in accrued interest and penalties. Significant judgment is required in evaluating the Company’s uncertain tax positions and determining the provision for income taxes. The Company recognizes benefits from uncertain tax positions based on the cumulative probability method whereby the largest benefit with a cumulative probability of greater than 50% is recorded. An uncertain tax position is not recognized if it has a 50% or less likelihood of being sustained. Recognition or measurement is reflected in the period in which the likelihood changes. Any interest and penalties related to unrecognized tax liabilities are recorded in the provision for income taxes on the consolidated statements of operations.

We identified the evaluation of uncertain tax positions as a critical audit matter because the evaluation of whether a tax position is more likely than not to be sustained and the measurement of the benefit of various tax positions can be complex and involves significant auditor judgment. Management’s evaluation of uncertain tax positions is based on interpretations of tax laws and legal rulings, and may be impacted by regulatory changes and judicial and examination activity, including judgments about re-measuring liabilities for positions taken in prior years’ tax returns in light of new information.

How We Addressed the Matter in Our Audit

We obtained an understanding, evaluated the design, and tested the operating effectiveness of controls over the process to determine uncertain tax positions. For example, we tested controls over management’s process to assess the technical merits of its uncertain tax positions, including controls over: the assessment as to whether a tax position is more likely than not to be sustained; the measurement of the uncertain tax position, both initially and on an ongoing basis; and the development of the related disclosures.

To test the uncertain tax positions liabilities calculation, our procedures included, among others, the following:

- involving tax professionals in assessing the technical merits of certain of the Company’s tax positions,
- obtaining and examining the Company’s analysis related to tax positions and evaluating the underlying facts upon which the tax positions are based,
- evaluating developments in the applicable regulatory environments to assess potential effects on the Company’s positions, including recent decisions in relevant court cases,
- analyzing the appropriateness of the Company’s assumptions and the accuracy of the Company’s calculations and assessing the completeness and accuracy of the underlying data used to determine the amount of uncertain tax position liabilities to recognize, and
- evaluating the Company’s income tax disclosures in relation to these matters.

/s/ WithumSmith+Brown, PC

We have served as the Company’s auditor since 2024.

New York, New York
February 27, 2025

PCAOB ID Number 100

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of

Trulieve Cannabis Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Trulieve Cannabis Corp. (the "Company") as of December 31, 2023, the related consolidated statements of operations, changes in shareholders' equity and cash flows for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

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

Valuation of Inventory

As described in Note 6, to the consolidated financial statements, the Company's consolidated inventory related to cannabis inventory is $213.1 million. As discussed in Note 3, the Company's inventory consists of raw materials (including cannabis plants and packaging materials), work in process and finished goods and is valued at the lower of cost and net realizable value. Significant inputs and assumptions used in the valuation of inventory (excluding any purchased finished goods) include attrition rates of plants, average yield per plant, cumulative stage of completion in the production process and allocation of cost of goods sold. In addition, the Company records a provision for slow-moving and obsolete inventory, which can involve a high degree of judgment. The Company periodically reviews its inventory and identifies that which is excess, slow moving and obsolete by considering factors such as inventory levels, expected product life and forecasted sales demand.

We identified the valuation of inventory as a critical audit matter because of the significance of this balance sheet item, the significant assumptions management makes with regards to its valuation of inventory and an increased extent of effort when performing audit procedures to evaluate the reasonableness of management's assumptions and estimates.

Addressing the matter involved performing the procedures and evaluating audit evidence, in connection with forming our overall opinion on the consolidated financial statements Our procedures related to the valuation of inventory included, among others, the following:

- We obtained an understanding and evaluated the design of the internal controls over management's valuation of inventory.
- We evaluated the significant assumptions stated above and tested the completeness and accuracy of the underlying data used in management's costing and valuation.
- Tested attrition rates, average yield and cumulative stage of completion including performing physical observations of the growing cannabis and assessing quantities and growth stage compared to the plant's life cycle.
- Tested harvest and extraction yields including performing physical observations of each process.
- Tested management's assumptions related to costs of goods sold, sales price and expected yields including evaluating whether the assumptions used were reasonable considering (i) historical actual information (ii) independent calculations and observations of these inputs (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit.
- We evaluated management's provision for slow-moving and obsolete inventory calculation by reviewing inputs, including historical sales activity versus on-hand inventory levels and current selling prices versus current cost.

Evaluation of Impairment

As described in Note 3 and Note 21 to the consolidated financial statements, the Company tests goodwill for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill may be impaired. During the period ended March 31, 2023, the Company performed an interim quantitative impairment test over its single reporting unit due to a sustained decline in its stock price and its impact on the Company's market capitalization. The test was based on a weighted average of the income and market approaches. The income approach estimates the fair value of a reporting unit through a discounted cash flow model which estimates future cash flows and future operating performance, which include projected revenue, long-term growth rates, gross margins, capital expenditures, discount rates and the probability of achieving the estimated cash flows. The market approach incorporates comparable public companies and market multiples. As a result of its impairment test, the Company concluded that its goodwill was not impaired as of March 31, 2023. During the period ended June 30, 2023, because of a continued decline in the Company's stock price, the Company estimated the fair value of its single reporting unit by measuring its market capitalization and a corresponding control premium as a market approach, which was also corroborated by other valuation techniques. The Company concluded that its goodwill was impaired based on its estimate of fair value of its reporting unit being lower than its carrying value and recognized a goodwill impairment charge of $307.6 million as of June 30, 2023.

The Company reviews long-lived assets, including property and equipment, definite life intangible assets, and right-of-use assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Factors which could trigger an impairment review include significant underperformance relative to historical or projected future operating results, significant changes in the manner of use of the assets or the strategy of the business, a significant decrease in the market value of the assets or significant negative industry or economic trends. During the period ended March 31, 2023, the Company determined that certain long-lived assets, including intangible assets, in Massachusetts were impaired due to the competitive environment in the Massachusetts cannabis industry. The Company utilized a combination of the market, income, and cost approach for its impairment testing resulting in an impairment of $30.3 million, which consisted of property and equipment and intangible assets, as of March 31, 2023.

Auditing management's evaluation of impairment is complex due to the judgments and assumptions required to assess management's considerations of those factors identified above. Auditing these assumptions involved extensive audit effort, including the need to involve our valuation specialists, due to the complexity of these assumptions and a high degree of auditor judgment when performing audit procedures and evaluating the results of those procedures.

The primary procedures we performed to address this critical audit matter included:

- We obtained an understanding and evaluated the design of controls over the Company's goodwill impairment review process, including controls over management's review of the significant assumptions described above.
- We compared the Company's projected revenue growth, gross profit margins and EBITDA margins with actual results to assess the Company's ability to accurately forecast.
- We evaluated the Company's projected revenue growth by comparing the projections to the underlying business strategies and legislative trends to assess the probability of achieving such projections.

- We performed sensitivity analyses over significant assumptions to evaluate the impact of changes in the fair value of the reporting unit.
- With the assistance of our valuation specialists, we assessed the fair value methodologies utilized and tested significant assumptions including, among other items, the weighted average cost of capital and the discount rate.
- With the assistance of our valuation specialists, we evaluated the market approach, including evaluating the reasonableness of the selected market multiples based on guideline public companies.
- In addition, we tested management's reconciliation of the fair value of the reporting unit to the Company's market capitalization, including evaluating the comparable public company transactions identified and the implied control premium.
- With the assistance of our valuation specialists, we evaluated the cost approach used by management in evaluating the Massachusetts property, plant, and equipment fair value, including evaluating replacement cost calculations, land valuations, and comparable sales data.

Evaluation of uncertain tax positions

As discussed in Note 3 and Note 16 to the consolidated financial statements, the Company has taken uncertain tax positions based on legal interpretations that challenge its tax liability under Internal Revenue Code Section 280E and inventory costs for tax purposes in its Florida and West Virginia dispensaries. Uncertainty in a tax position may arise because tax laws are subject to interpretation. The Company uses significant judgment to (1) determine whether, based on the technical merits, a tax position is more likely than not to be sustained and (2) measure the amount of tax benefit that qualifies for recognition. As of December 31, 2023, the Company accrued uncertain tax position liabilities of approximately $180.4 million.

Auditing management's estimate of the amount of tax benefit that qualifies for recognition involved especially challenging auditor judgment because management's estimate is complex, highly judgmental and based on interpretations of tax laws and legal rulings.

The primary procedures we performed to address this critical audit matter included:

- Obtained an understanding and evaluated the design of controls over Management's accounting process for uncertain tax positions, including the controls over management's review of the technical merits of its tax positions and the measurement of the amount of tax benefits that qualify for recognition.
- With the assistance of our tax specialists, we assessed the technical merits of the Company's tax positions, including evaluating income tax interpretations and third-party advice obtained by the Company and the Company's process of filing tax returns with uncertain tax positions.
- Evaluated the appropriateness of the Company's accounting for its tax positions taking into consideration relevant federal and state income tax laws.
- Analyzed the Company's assumptions and data used to determine the amount of tax benefit to recognize and tested the accuracy of the calculations.
- Evaluated the adequacy of the Company's financial statement disclosures related to these tax matters.

/s/ Marcum LLP

Marcum LLP

We served as the Company's auditor from 2021 to March 2024

West Palm Beach, FL

February 29, 2024, except for Segment Reporting & Reporting Units in Note 3, as to which date is February 27, 2025

TRUIEVE CANNABIS CORP.

CONSOLIDATED BALANCE SHEETS

(in thousands)

	December 31,	
	2024	**2023**
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 238,803	$ 201,372
Short-term investments	60,393	—
Restricted cash	907	6,607
Accounts receivable, net	8,288	6,703
Inventories	231,371	213,120
Income tax receivable	10,009	—
Prepaid expenses	22,959	17,620
Other current assets	26,209	23,735
Notes receivable - current portion, net	4,750	6,233
Assets associated with discontinued operations	868	1,958
Total current assets	604,557	477,348
Property and equipment, net	716,051	676,352
Right of use assets - operating, net	119,549	95,910
Right of use assets - finance, net	64,379	58,537
Intangible assets, net	859,483	917,191
Goodwill	483,905	483,905
Notes receivable, net	528	7,423
Other assets	19,837	10,379
Long-term assets associated with discontinued operations	1,980	2,010
TOTAL ASSETS	$ 2,870,269	$ 2,729,055
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 94,036	$ 83,162
Deferred revenue	8,028	1,335
Notes payable - current portion	3,407	3,759
Operating lease liabilities - current portion	12,131	10,068
Finance lease liabilities - current portion	9,535	7,637
Construction finance liabilities - current portion	1,919	1,466
Contingencies	6,307	4,433
Liabilities associated with discontinued operations	3,129	2,989
Total current liabilities	138,492	114,849
Long-Term Liabilities:		
Private placement notes, net	364,836	363,215
Notes payable, net	111,945	115,855
Operating lease liabilities	117,485	92,235
Finance lease liabilities	67,679	61,676
Construction finance liabilities	135,521	136,659

Deferred tax liabilities	196,545	206,964
Uncertain tax position liabilities	445,221	180,350
Other long-term liabilities	4,954	7,086
Long-term liabilities associated with discontinued operations	38,560	41,553
TOTAL LIABILITIES	$ 1,621,238	$ 1,320,442
Commitments and contingencies (see Note 20)		
SHAREHOLDERS' EQUITY		
Common stock, no par value; unlimited shares authorized. 191,005,940 and 186,235,818 shares issued and outstanding as of December 31, 2024 and December 31, 2023, respectively.	$ —	$ —
Additional paid-in-capital	2,057,032	2,055,112
Accumulated deficit	(795,744)	(640,639)
Non-controlling interest	(12,257)	(5,860)
TOTAL SHAREHOLDERS' EQUITY	1,249,031	1,408,613
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,870,269	$ 2,729,055

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

TRULIEVE CANNABIS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except for share data)

	For the Years Ended December 31,		
	2024	2023	2022
Revenue	$ 1,186,490	$ 1,129,193	$ 1,218,229
Cost of goods sold	470,745	540,565	529,102
Gross profit	715,745	588,628	689,127
Expenses:			
Sales and marketing	257,716	240,165	277,563
General and administrative	252,735	145,997	169,471
Depreciation and amortization	112,806	109,825	116,381
Impairment and disposal of long-lived assets, net of (recoveries)	(5,292)	6,664	75,547
Impairment of goodwill	—	307,590	—
Total expenses	617,965	810,241	638,962
Income (loss) from operations	97,780	(221,613)	50,165
Other income (expense):			
Interest expense, net	(62,193)	(81,569)	(73,422)
Interest income	14,678	6,164	1,631
Debt extinguishments, net	—	5,937	—
Other (expense) income, net	(7,551)	6,544	2,388
Total other expense, net	(55,066)	(62,924)	(69,403)
Income (loss) before provision for income taxes	42,714	(284,537)	(19,238)
Provision for income taxes	197,589	151,358	163,380
Net loss from continuing operations	(154,875)	(435,895)	(182,618)
Net loss from discontinued operations, net of tax benefit of zero, $4,101, and $12,223 respectively	(5,702)	(97,241)	(70,109)
Net loss	(160,577)	(533,136)	(252,727)
Less: net loss attributable to non-controlling interest from continuing operations	(5,472)	(5,147)	(3,994)
Less: net loss attributable to non-controlling interest from discontinued operations	—	(1,193)	(2,669)
Net loss attributable to common shareholders	$ (155,105)	$ (526,796)	$ (246,064)
Earnings Per Share (see numerator reconciliation below)			
Net loss per share - Continuing operations:			
Basic and diluted	$ (0.79)	$ (2.28)	$ (0.95)
Net loss per share - Discontinued operations:			
Basic and diluted	$ (0.03)	$ (0.51)	$ (0.36)
Weighted average number of common shares used in computing net loss per share:			
Basic and diluted	189,992,663	188,974,176	187,995,317
EPS Numerator Reconciliation (see Note 15)			
Net loss attributable to common shareholders (from above)	$ (155,105)	$ (526,796)	$ (246,064)

Net loss from discontinued operations, net of tax, attributable to common shareholders	5,702	96,048	67,440
Net loss from continuing operations available to common shareholders	$ (149,403)	$ (430,748)	$ (178,624)

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

TRULIEVE CANNABIS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(in thousands, except for share data)

	Multiple Voting Shares	Subordinate Voting Shares	Total Common Shares	Additional Paid-in-Capital	Accumulated Earnings (Deficit)	Non-Controlling Interest	Total Shareholders' Equity
Balance, December 31, 2021	51,916,999	128,587,173	180,504,172	$ 2,008,100	$ 137,721	$ 1,552	$ 2,147,373
Share-based compensation	—	—	—	18,124	—	—	18,124
Shares issued for cash - warrant exercises	—	1,428,262	1,428,262	19,238	—	—	19,238
Subordinate Voting Shares issued under share compensation plans	—	239,828	239,828	156	—	—	156
Tax withholding related to net share settlements of equity awards	—	(47,801)	(47,801)	(615)	—	—	(615)
Conversion of Multiple Voting Shares to Subordinate Voting Shares	(25,690,613)	25,690,613	—	—	—	—	—
Shares issued for PurePenn, LLC, Pioneer Leasing & Consulting LLC, and Solevo Wellness West Virginia, LLC earnout	—	3,626,295	3,626,295	—	—	—	—
Release of escrow shares	—	236,756	236,756	—	—	—	—
Distribution payable for acquisition of variable interest entity	—	—	—	—	(5,500)	—	(5,500)
Distribution	—	—	—	—	—	(50)	(50)
Divestment of variable interest entity	—	—	—	—	—	110	110
Measurement period adjustment - Harvest Health & Recreation, Inc.	—	—	—	—	—	1,595	1,595
Net loss	—	—	—	—	(246,064)	(6,663)	(252,727)
Balance, December 31, 2022	26,226,386	159,761,126	185,987,512	$ 2,045,003	$ (113,843)	$ (3,456)	$ 1,927,704
Share-based compensation	—	—	—	10,575	—	—	10,575
Subordinate Voting Shares issued under share compensation plans	—	334,611	334,611	—	—	—	—
Tax withholding related to net share settlements of equity awards	—	(86,305)	(86,305)	(466)	—	—	(466)
Distributions to subsidiary non-controlling interest	—	—	—	—	—	(50)	(50)
Consideration for purchase of variable interest entity	—	—	—	1,643	—	—	1,643
Deconsolidation of variable interest entity	—	—	—	(1,643)	—	3,862	2,219
Divestment of variable interest entity	—	—	—	—	—	124	124
Net loss	—	—	—	—	(526,796)	(6,340)	(533,136)
Balance, December 31, 2023	26,226,386	160,009,432	186,235,818	$ 2,055,112	$ (640,639)	$ (5,860)	$ 1,408,613
Share-based compensation	—	—	—	20,202	—	—	20,202

	Multiple Voting Shares	Subordinate Voting Shares	Total Common Shares	Additional Paid-in-Capital	Accumulated Earnings (Deficit)	Non-Controlling Interest	Total Shareholders' Equity
Subordinate Voting Shares issued under share compensation plans	—	4,471,472	4,471,472	210	—	—	210
Tax withholding related to net share settlements of equity awards	—	(1,488,722)	(1,488,722)	(14,751)	—	—	(14,751)
Distributions to subsidiary non-controlling interest	—	—	—	—	—	(1,081)	(1,081)
Conversion of Multiple Voting to Subordinate Voting Shares	(3,000,000)	3,000,000	—	—	—	—	—
Redeemed non-controlling interest, former mezzanine equity	—	—	—	(1,504)	—	2,600	1,096
Subordinate Voting Shares issued pursuant to full redemption of non-controlling interests	—	1,787,372	1,787,372	1,904	—	—	1,904
Consolidated VIE settlement transaction	—	—	—	(4,141)	—	(2,444)	(6,585)
Net loss	—	—	—	—	(155,105)	(5,472)	(160,577)
Balance, December 31, 2024	23,226,386	167,779,554	191,005,940	$ 2,057,032	$ (795,744)	$ (12,257)	$ 1,249,031

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

TRULIEVE CANNABIS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	For the Years Ended December 31,		
	2024	2023	2022
Cash flows from operating activities			
Net loss	$ (160,577)	$ (533,136)	$ (252,727)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	112,805	110,820	121,776
Depreciation included in cost of goods sold	53,564	59,837	52,541
Debt extinguishments, net	—	(5,937)	—
Impairment and disposal of long-lived assets, net of (recoveries)	(5,292)	6,664	75,547
Impairment of goodwill	—	307,590	—
Amortization of operating lease right of use assets	11,519	10,333	11,252
Share-based compensation	20,202	10,575	18,124
Allowance for credit losses	5,763	2,750	3,617
Deferred income taxes	(10,374)	(17,173)	(27,174)
Loss from disposal of discontinued operations	—	69,481	49,130
Other non-cash changes	943	6,472	3,720
Changes in operating assets and liabilities:			
Inventories	(18,735)	83,304	(83,430)
Accounts receivable	741	(1,712)	(4,206)
Prepaid expenses and other current assets	(6,136)	6,751	5,264
Other assets	(2,927)	2,954	2,388
Accounts payable and accrued liabilities	7,210	1,635	(819)
Income tax receivable / payable	(8,502)	(48,822)	19,756
Other liabilities	1,874	(13,807)	21,649
Operating lease liabilities	(7,989)	(9,172)	(10,002)
Deferred revenue	6,691	(8,232)	2,370
Uncertain tax position liabilities	264,871	160,891	12,794
Other long-term liabilities	(2,215)	(225)	1,526
Proceeds received from insurance for operating expenses	8,048	—	—
Net cash provided by operating activities	271,484	201,841	23,096
Cash flows from investing activities			
Purchases of property and equipment	(121,520)	(40,385)	(164,749)
Purchases of property and equipment related to construction finance liabilities	—	—	(13,247)
Capitalized interest	(1,081)	148	(4,732)
Payments made for issuance of note receivable	—	(750)	—
Purchases of internal use software	(25,063)	(10,615)	(9,214)
Purchases of short-term investments	(80,000)	—	—
Maturities of short-term investments	20,000	—	—
Cash paid for licenses	(7,000)	(4,640)	(1,855)
Payment for initial direct costs on finance leases	(647)	—	—
Proceeds from notes receivable repayments	1,663	903	1,472
Proceeds received from insurance recoveries on property and equipment	527	—	—
Proceeds from disposal activities	6,506	17,869	5,049

	For the Years Ended December 31,		
	2024	2023	2022
Acquisitions, net of cash	—	—	(27,781)
Net cash used in investing activities	(206,615)	(37,470)	(215,057)
Cash flows from financing activities			
Payments for taxes related to net share settlement of equity awards	(14,751)	(466)	(615)
Payments on finance lease obligations	(7,593)	(7,588)	(7,361)
Payments on notes payable	(4,678)	(11,780)	(2,928)
Payments on construction finance liabilities	(3,469)	(2,050)	(1,161)
Payments and costs related to consolidated VIE settlement transaction	(5,077)	—	—
Distributions to subsidiary non-controlling interest	(1,081)	(50)	(50)
Payments on private placement notes	—	(177,595)	(1,874)
Payments for debt issuance costs	—	(774)	(832)
Proceeds from non-controlling interest holders' subscription	3,000	—	—
Proceeds from equity exercises	210	—	19,394
Proceeds from construction finance liabilities	—	—	7,047
Proceeds from notes payable, net of discounts	—	24,718	90,541
Proceeds from private placement notes, net of discounts	—	—	75,635
Net cash (used in) provided by financing activities	(33,439)	(175,585)	177,796
Net increase (decrease) in cash, cash equivalents, and restricted cash	31,430	(11,214)	(14,165)
Cash, cash equivalents, and restricted cash, beginning of period	207,979	213,792	229,644
Cash and cash equivalents of discontinued operations, beginning of period	301	5,702	4,015
Less: cash and cash equivalents of discontinued operations, end of period	—	(301)	(5,702)
Cash, cash equivalents, and restricted cash, end of period	$ 239,710	$ 207,979	$ 213,792

The consolidated statements of cash flows include continuing operations and discontinued operations for the periods presented.

TRULIEVE CANNABIS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(in thousands)

	For the Years Ended December 31,		
Supplemental disclosure of cash flow information	**2024**	**2023**	**2022**
Cash paid during the period for			
Interest	$ 65,411	$ 81,209	$ 76,142
Income taxes paid, net of (refunds)	(48,406)	52,644	146,672
Noncash investing and financing activities			
ASC 842 lease additions - operating and finance leases	$ 51,517	$ 14,323	$ 41,141
Purchases of property and equipment in accounts payable and accrued liabilities	5,337	2,778	3,924
Reclassification of assets to held for sale	10,568	18,408	—
Redeemed non-controlling interest, former mezzanine equity	2,600	—	—
Redemptions of non-controlling interest	2,071	—	—
Noncash partial extinguishment of construction finance liability	—	18,486	—
Acquisition fair value adjustments	—	—	1,595
Acquisition of variable interest entity with note payable	—	—	5,500

The following table presents a reconciliation of the beginning of period and end of period cash, cash equivalents, and restricted cash reported within the consolidated balance sheets to the totals shown in the consolidated statements of cash flows for the periods presented:

	For the Years Ended December 31,		
	2024	**2023**	**2022**
Beginning of year:			
Cash and cash equivalents [(1)]	$ 201,372	$ 207,185	$ 226,631
Restricted cash	6,607	6,607	3,013
Cash, cash equivalents and restricted cash	$ 207,979	$ 213,792	$ 229,644
End of year:			
Cash and cash equivalents [(2)]	$ 238,803	$ 201,372	$ 207,185
Restricted cash	907	6,607	6,607
Cash, cash equivalents and restricted cash	$ 239,710	$ 207,979	$ 213,792

(1) Excludes cash associated with discontinued operations totaling $0.3 million, $5.7 million, and $4.0 million as of December 31, 2024, 2023, and 2022, respectively.

(2) Excludes cash associated with discontinued operations totaling zero, $0.3 million, and $5.7 million as of December 31, 2024, 2023, and 2022, respectively.

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

TRULIEVE CANNABIS CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. NATURE OF BUSINESS

Trulieve Cannabis Corp. together with its subsidiaries (“Trulieve", the “Company”) was incorporated in British Columbia, Canada. Trulieve is a vertically integrated cannabis company which, as of December 31, 2024, held and operated under licenses in Arizona, Colorado, Connecticut, Florida, Georgia, Maryland, Ohio, Pennsylvania, and West Virginia, to cultivate, produce, distribute, and sell medicinal-use cannabis products, and with respect to Arizona, Colorado, Connecticut, Maryland, and Ohio, adult-use cannabis products. The Company's operations are substantially located in Florida and to a lesser extent Arizona and Pennsylvania.

In addition to the states listed above, the Company also conducts activities in other markets. In these markets, the Company has either applied for licenses, plans on applying for licenses, or partners with other entities, but does not currently directly own any cultivation, production, or retail licenses. Further, the Company also holds licenses in states in which it is no longer currently operating due to discontinuing operations and other strategic reasons.

The Company’s principal address is located in Quincy, Florida. The Company’s registered office is located in British Columbia.

The Company is listed on the Canadian Securities Exchange (the “CSE”) and began trading on September 25, 2018, under the ticker symbol “TRUL” and trades on the OTCQX market under the symbol “TCNNF”.

Regulatory compliance

The Company’s compliance with state and other rules and regulations may be reviewed by state and federal agencies. If the Company fails to comply with these regulations, the Company could be subject to loss of licenses, substantial fines or penalties, and other sanctions.

NOTE 2. BASIS OF PRESENTATION

Principles of consolidation

The accompanying consolidated financial statements for the years ended December 31, 2024, 2023, and 2022 include the financial position and operations of Trulieve Cannabis Corp. and its subsidiaries. The consolidated financial statements were prepared in accordance with GAAP and include the assets, liabilities, revenue, and expenses of all consolidated subsidiaries and variable interest entities for which the Company has determined it is the primary beneficiary. Outside shareholders' interests in subsidiaries are shown on the consolidated financial statements as non-controlling interests. Intercompany balances and transactions are eliminated in consolidation.

A variable interest entity (“VIE”) is a legal entity that does not have sufficient equity at risk to finance its activities without additional subordinated financial support, is structured such that equity investors lack the ability to make significant decisions relating to the entity’s operations through voting rights, or do not substantively participate in the gains and losses of the entity. Upon inception of a contractual agreement, the Company performs an assessment to determine whether the arrangement contains a variable interest in a legal entity and whether that legal entity is a VIE. The primary beneficiary has both the power to direct the activities of the VIE that most significantly impact the entity’s economic performance and the obligation to absorb losses or the right to receive benefits from the VIE entity that could potentially be significant to the VIE. Where the Company concludes it is the primary beneficiary of a VIE, the Company consolidates the accounts of that VIE. When the Company is not the primary beneficiary, the VIE is accounted for in accordance with the relevant accounting guidance.

The Company regularly reviews and reconsiders previous conclusions regarding whether it is the primary beneficiary of a VIE in accordance with the FASB *ASC 810*. The Company also reviews and reconsiders previous conclusions regarding whether the Company holds a variable interest in a potential VIE, the status of an entity as a VIE, and whether the Company is required to consolidate such VIE in the consolidated financial statements when a change occurs. When the Company consolidates an entity that is not wholly-owned, the Company reports the minority interests in the entity as non-controlling interests in the equity section of the consolidated balance sheets. The Company has included the non-controlling interest in earnings of the entities within the consolidated statements of operations and deducted the same amount to derive net loss attributable to the Company.

Accounting Estimates and Judgments

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Significant estimates in our consolidated financial statements, include, but are not limited to, inventory; accounting for acquisitions and business combinations; income taxes; initial valuation and subsequent impairment testing of goodwill, other intangible assets and long-lived assets; fair value of financial instruments; share-based payment arrangements; and commitments and contingencies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Discontinued Operations

In June 2023, the Company exited operations in Massachusetts and in July 2022, the Company exited operations in Nevada. Both actions represented a strategic shift in business; therefore, the related assets and liabilities associated with the discontinued operations are classified as discontinued operations on the consolidated balance sheets and the results of the discontinued operations have been presented as discontinued operations within the consolidated statements of operations for all periods presented. Unless specifically noted otherwise, footnote disclosures only reflect the results of continuing operations. The results of discontinued operations are presented in *Note 23. Discontinued Operations*.

Basis of Measurement

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

Functional Currency

The functional currency of the Company and its subsidiaries, as determined by management, is the United States ("U.S.") dollar. These consolidated financial statements are presented in U.S. dollars.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash, Cash Equivalents, and Short-Term Investments

The Company's cash and cash equivalents, primarily consists of bank deposits, cash on hand, and money market funds. The Company considers cash deposits and all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents include cash deposits in financial institutions plus cash held at retail locations. Cash held in money market investments are recorded at fair value. Cash held in financial institutions and cash held at retail locations have carrying values that approximate fair value.

Investments not considered cash equivalents and with maturities of one year or less are classified as short-term investments. Short-term investments consist of certificates of deposit with original maturity dates greater than three months and less than twelve months. The classification is determined at the time of purchase. The short-term investments are classified as held-to-maturity and recorded at amortized cost. If the cost of an individual investment exceeds its fair value, the Company evaluates, among other factors, general market conditions, the duration and extent to which the fair value is less than cost, and the Company's intent and ability to hold the investment. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded and a new cost basis in the investment is established.

Restricted Cash

Restricted cash balances are those which meet the definition of cash and cash equivalents but are not available for use by the Company. They are held by or with financial institutions pursuant to contractual arrangements.

Accounts Receivable and Notes Receivable

The Company has adopted standardized credit policies and performs assessments in an effort to minimize credit losses. Accounts receivable and notes receivable are recorded at their net realizable value, which is management's best estimate of the cash that will ultimately be received from customers and third parties, respectively. The Company reviews the balances regularly and when management determines they may not be fully collectible, the balances are reduced to their expected net realizable value using an expected credit loss allowance model in accordance with *ASC 326 Financial Instruments – Credit Losses*.

The allowance for expected credit losses is based on historical collection data and specific risks identified among uncollected accounts, as well as management's expectation of future economic conditions. The Company also considers relevant qualitative and quantitative factors to assess whether historical loss experience should be adjusted to better reflect the risk characteristics of the companies receivables and the expected future losses. The provision for credit losses on accounts receivable and notes receivable is recorded in sales and marketing expense and other (expense) income, net, respectively, on the consolidated statements of operations. If current or expected future economic trends, events, or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Accounts receivable and notes receivable are written off after exhaustive collection efforts occur and the receivable is deemed uncollectible.

Inventories

Inventories are comprised of raw materials (including cannabis plants, packaging and supplies), work in process, and finished goods. Inventory is valued at the lower of cost and net realizable value. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion, disposal, and transportation for inventories in process. Costs of internally produced inventory are determined using the weighted-average cost method.

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

The Company periodically reviews its inventory and identifies that which is excess, slow moving and obsolete by considering factors such as inventory levels, expected product life and forecasted sales demand. Any identified excess, slow moving and obsolete inventory is written down to its net realizable value through a charge to cost of goods sold.

Property and Equipment

Property and equipment are measured at cost less accumulated depreciation. Depreciation is recognized on a straight-line basis over the following estimated useful lives:

Asset Type	Estimated Useful Life
Land	Not depreciated
Land improvements	20 to 30 years
Buildings & improvements	7 to 40 years
Furniture & equipment	3 to 10 years
Vehicles	3 to 5 years
Construction in progress	Not depreciated
Leasehold improvements	The lessor of the life of the lease or the estimated useful life of the asset

The Company capitalizes interest on debt financing invested in projects under construction. Upon the asset becoming available for use, capitalized interest costs, as a portion of the total cost of the asset, are depreciated over the estimated useful life of the related asset. Construction in progress is transferred when available for use and depreciation of the assets commences at that point.

Intangible Assets

Intangible assets are recorded at cost, less accumulated amortization and impairment losses, if any. Intangible assets acquired in business combinations are measured at fair value at the acquisition date. The estimated useful lives, residual values, and amortization methods are reviewed at each year-end, and any changes in estimates are accounted for prospectively. Intangible assets are amortized using the straight-line method over their estimated useful lives with no estimated residual values. Any renewal costs for licenses are expensed as incurred.

Internal-Use Software

The Company capitalizes certain costs in connection with obtaining or developing software for internal use. Further, the Company capitalizes qualifying costs incurred for upgrades and enhancements that result in additional functionality or extend the assets useful life. Amortization of such costs commences when the project is substantially completed and ready for its intended use. Capitalized software development costs are classified as intangible assets, net on the consolidated balance sheets. Intangible assets are amortized using the straight-line method over their estimated useful lives.

Held for Sale Assets

The Company classifies long-lived assets or disposal groups and related liabilities as held-for-sale when management having the appropriate authority, generally the Company's Board of Directors ("the Board") or certain Executive Officers, commit to a plan of sale, the disposal group is ready for immediate sale, an active program to locate a buyer has been initiated and the sale is probable and expected to be completed within one year. Once classified as held-for-sale, disposal groups are valued at the lower of their carrying amount or fair value less estimated selling costs with the gain or loss on disposal recognized in the consolidated statements of operations. Depreciation on these properties is discontinued at the time they are classified as held for sale, but operating revenues, operating expenses, and interest expense continues to be recognized until the date of disposal.

Leases

The Company enters into leases in the normal course of business, primarily for retail space, production facilities, corporate offices, and equipment used in the production and sale of its products. Lease terms for real estate generally range from five to ten years. Most leases include options to renew for varying terms at the Company's sole discretion. Other leased assets include passenger vehicles, trucks, and equipment. Lease terms for these assets generally range from three to five years. At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company's accounting policy is to not recognize right-of-use assets and lease liabilities for leases with a lease term of 12 months or less. Instead lease payments for these leases are recognized as lease expense on a straight-line basis over the lease term.

The Company recognizes a lease liability equal to the present value of the remaining lease payments, and a right-of-use asset equal to the lease liability, subject to certain adjustments, such as prepaid rents. The right-of-use asset represents the right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. The Company uses its incremental borrowing rate to determine the present value of the lease payments. The Company's incremental borrowing rate is the rate of interest that it would have to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment.

Lease agreements for some locations provide for rent escalations and renewal options. Certain real estate leases require payment for taxes, insurance and maintenance which are considered non-lease components. The Company accounts for real estate leases and the related fixed non-lease components together as a single component. The Company has lease agreements that contain both lease and non-lease components. For lease agreements entered into or reassessed after the adoption of *ASC 842, Leases*, the Company elected to combine lease and non-lease components for all classes of assets.

For finance leases, from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, the right-of-use asset is amortized on a straight-line basis and the interest expense is recognized on the lease liability using the effective interest method. For operating leases, lease expense is recognized on a straight-line basis over the term of the lease and presented as a single charge in the consolidated statements of operations.

The lease term at the lease commencement date is determined based on the noncancellable period for which the Company has the right to use the underlying asset, together with any periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option, periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option and periods covered by an option to extend (or not to terminate) the lease in which the exercise of the option is controlled by the lessor. The Company considers a number of factors when evaluating whether the options in its lease contracts are reasonably certain of exercise, such as length of time before an option exercise, expected value of the leased asset at the end of the initial lease term, importance of the lease to the Company's operations, costs to negotiate a new lease, any contractual or economic penalties, and the economic value of leasehold improvements.

Certain lease arrangements contain provisions requiring the Company to remove lessee installed leasehold improvements at the expiration of the lease. As this obligation is a direct result of the Company's decision to install leasehold improvements and does not arise solely because of the lease the Company excludes these obligations from lease payments and variable lease payments. The Company records these obligations as asset retirement obligations. The fair value of these obligations are recorded as liabilities on a discounted basis, which occurs as of lease commencement. In the estimation of fair value, the Company uses assumptions and judgements for an asset retirement obligation. The costs associated with these liabilities are capitalized with the associated leasehold improvement and depreciated over the lease term with the liabilities accreted over the same period.

Failed Sales-Leasebacks (Construction Finance Liabilities)

When the Company enters into sale-leaseback transactions, an assessment is performed to determine whether a contract exists and whether there is a performance obligation to transfer control of the asset when determining whether the transfer of an asset shall be accounted for as a sale of the asset. If control is not transferred based on the nature of the transaction, and therefore does not meet the requirements for a sale under the sale-leaseback accounting model, the Company is deemed to own this real estate and reflects these properties on our consolidated balance sheets in property and equipment, net and depreciates them over the assets' useful lives. The liabilities associated with these leases are recorded to construction finance liabilities - current portion and construction finance liabilities on the consolidated balance sheets.

Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consisted of the following as of December 31:

	2024	2023
	(in thousands)	
Trade accounts payable	$ 20,227	$ 28,245
Nontrade accrued liabilities [(1)]	28,389	23,829
Accrued compensation and benefits	24,986	18,113
Non income taxes payable	11,863	7,061
Other	8,571	5,914
Total accounts payable and accrued liabilities	$ 94,036	$ 83,162

[(1)] Nontrade accrued liabilities includes recurring accruals for items including but not limited to: interest, utilities, and insurance.

Financial Instruments

The Company applies fair value accounting for all financial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements on a recurring basis. Fair value is defined as the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Company considers all related factors of the asset by market participants in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions, and credit risk.

Derivative Financial Instruments

The Company utilizes interest rate swaps for the sole purpose of mitigating interest rate fluctuation risk associated with floating rate debt instruments. The Company does not use any other derivative financial instruments for trading or speculative purposes. In accordance with *ASC 815, Derivatives and Hedging*, derivative financial instruments are recognized as assets or liabilities on the consolidated balance sheets at fair value. The Company has not designated its interest rate swap ("Swap") contracts as hedges for accounting treatment. Pursuant to U.S. GAAP, income or loss from fair value changes for derivatives that are not designated as hedges are reflected as income or loss within interest expense on the consolidated statements of operations and a corresponding asset or liability is recognized on the consolidated balance sheets based on the fair value position as of each reporting date.

Earnings Per Share

Basic earnings attributable to common shareholders is computed by dividing reported net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted earnings per share attributable to common shareholders is computed by dividing reported net income (loss) attributable to common shareholders by the sum of the weighted average number of common shares and the number of dilutive potential common share equivalents outstanding during the period. Potential dilutive common share equivalents consist of the incremental common shares issuable upon the exercise of share options, warrants, and RSUs and the incremental shares issuable upon conversion of similar instruments.

In computing diluted earnings per share, common share equivalents are not considered in periods in which a net loss is reported, as the inclusion of the common share equivalents would be anti-dilutive. See *Note 15. Earnings Per Share*.

Revenue Recognition

The Company generates revenue from the sale of cannabis and cannabis related products. Revenue is recognized in accordance with *ASC 606 Revenue from Contracts with Customers*. Revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the transaction price consideration that the Company expects to receive in exchange for those goods or services. Our revenue excludes sales, use, and excise-based taxes collected and is reported net of sale discounts. Revenue associated with any unsatisfied performance obligation is deferred until the obligation is satisfied (i.e., when control of a product is transferred to the customer).

Revenues are primarily derived from retail and wholesale sales, which are recognized when control of the goods has transferred to the customer and collectability is reasonably assured. This is generally when goods have been delivered, which is also when the performance obligation has been fulfilled under the terms of the related sales contract.

Revenue from retail sales of cannabis to customers for a fixed price is recognized when the Company transfers control of the goods to the customer at the point of sale and the customer has accepted and paid for the goods. Revenue from the wholesale of cannabis to customers is recognized upon delivery to the customer. Payment is typically due upon transferring the goods to the customer or within a specified time period permitted under the Company's credit policy. See *Note 19. Revenue Disaggregation.*

Deferred Revenue

Deferred revenue primarily consists of the liability related to the Company's customer rewards program which is a standardized program that serves all markets. The program features fully stackable points which can be redeemed by the customer across all the Company's brands and markets. A portion of revenue generated in a sale is recorded to deferred revenue based on estimated redemptions prior to expiration. The liability related to the Company's customer rewards program was $7.5 million and $0.8 million as of December 31, 2024 and 2023, respectively.

Cost of Goods Sold

Costs of goods sold include the costs directly attributable to the production of inventory and amounts incurred in the cultivation and manufacturing process of finished goods, such as flower, concentrates, and edibles, as well as packaging and other supplies, fees for services and processing, and allocated overhead which includes depreciation and amortization, allocations of rent, administrative salaries, utilities, and related costs.

Income Taxes

The Company uses the asset and liability method to account for income taxes. Deferred income tax assets and liabilities are determined based on enacted tax rates and laws for the years in which the differences are expected to reverse. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized.

The IRS has taken the position that IRC section 280E prevents cannabis companies from deducting any business expenses other than those included in the cost of goods sold. The Company has taken a position that Section 280E of the IRC does not preclude it from deducting ordinary and necessary business expenses on its tax returns.

Significant judgment is required in evaluating the Company’s uncertain tax positions and determining the provision for income taxes. The Company recognizes benefits from uncertain tax positions based on the cumulative probability method whereby the largest benefit with a cumulative probability of greater than 50% is recorded. An uncertain tax position is not recognized if it has a 50% or less likelihood of being sustained. Recognition or measurement is reflected in the period in which the likelihood changes. Any interest and penalties related to unrecognized tax liabilities are recorded in provision for income taxes on the consolidated statements of operations.

Advertising Costs

Advertising costs are expensed as incurred and are included in sales and marketing expenses on the accompanying consolidated statements of operations and totaled $22.9 million, $12.1 million, and $8.2 million for the years ended December 31, 2024, 2023, and 2022, respectively.

Share Based Compensation

The company awards stock options and restricted stock units ("RSUs") to board members, officers, and certain management employees of the Company. All share-based payments are measured using a fair-value based method. The Company accounts for forfeitures as they occur. Share based compensation costs are recognized in the consolidated statements of operations using the graded-vesting method over the award term.

Stock Options

The fair value of stock options is estimated using the Black-Scholes option pricing model. Assumptions used in the model include:

- Expected term - the expected term represents the period of time in years that options granted are expected to be outstanding and is computed using the simplified method as the Company has insufficient historical information regarding its stock options to provide a basis for an estimate.
- Expected volatility - the Company estimates expected volatility using the historical volatility of the Company. In cases where there is insufficient trading history, the expected volatility is estimated using the historical volatility of other companies that the Company considers comparable that have trading and volatility history prior to the Company becoming public.
- Expected annual rate of dividends - is based on the fact that the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future.
- Risk free annual interest rate - based on the United States bond yield rate at the time of grant using the expected term of the award.

Restricted Stock Units

Restricted Stock Units ("RSUs") represent a right to receive a single Subordinate Voting Share that is both non-transferable and forfeitable unless and until certain conditions are satisfied. The fair value of RSUs is determined by the fair market value of the Company's common stock on the grant date.

Business Combinations and Goodwill

The Company accounts for business combinations using the acquisition method in accordance with *ASC 805*, *Business Combinations,* which requires recognition of assets acquired and liabilities assumed, including contingent assets and liabilities, at their respective fair values on the date of acquisition.

Contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates, with the corresponding gain or loss recognized in the consolidated statements of operations.

Non-controlling interests in the acquiree are measured at fair value on acquisition date. Acquisition-related costs are recognized as expenses in the periods in which the costs are incurred and the services are received.

Loans acquired in business combinations are initially recorded at fair value, which includes an estimate of credit losses expected to be realized over the remaining lives of the loans and, therefore, no corresponding allowance for loan losses is recorded for such loans at acquisition.

Purchase price allocations may be preliminary and, during the measurement period not to exceed one year from the date of acquisition, changes in assumptions and estimates that result in adjustments to the fair value of assets acquired and liabilities assumed are recorded in the period the adjustments are determined.

Goodwill represents the excess of the consideration transferred for the acquisition of subsidiaries over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

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

Non-controlling Interest

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

Long-Lived Asset Impairment Assessment

The Company reviews long-lived assets, including property and equipment, definite life intangible assets, and right-of-use assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Factors which could trigger an impairment review include significant underperformance relative to historical or projected future operating results, significant changes in the manner of use of the assets or the strategy of the business, a significant decrease in the market value of the assets or significant negative industry or economic trends.

In accordance with *ASC 360*, when evaluating long-lived assets with impairment indicators for potential impairment, the Company first compares the carrying value of the asset to its estimated undiscounted cash flows. If the sum of the estimated undiscounted cash flows is less than the carrying value of the asset, an impairment loss is calculated. The impairment loss calculation compares the carrying value of the asset to its estimated fair value, which is typically based on estimated discounted future cash flows. The Company recognizes an impairment loss if the amount of the asset's carrying value exceeds the asset's estimated fair value.

In 2024, the Company did not identify any events or changes in circumstances providing indication of impairment.

Segment Reporting & Reporting Units

Management has determined that the Company functions as a single operating segment, and thus reports as a single reportable segment. This determination is based on rules prescribed by GAAP applied to the manner in which management operates the Company. In particular, management assessed the discrete financial information routinely reviewed by the Company's chief operating decision maker ("CODM"), its Chief Executive Officer, to monitor the Company's operating performance and support decisions regarding allocation of resources to its operations. Specifically, performance is continuously monitored at the consolidated level as the Company is engaged in essentially the same business, which consists of cultivation, production, and sale of cannabis products, either for medicinal-use and/or adult-use, depending on applicable state laws and regulations. The CODM evaluates the financial performance of the Company primarily by evaluating revenue (as disclosed on the consolidated statements of operations), adjusted EBITDA (a non-GAAP measure), and cash provided by operating activities (as disclosed on the consolidated statements of cash flows) to assess the Company's results and in the determination of allocating resources. The CODM may use disaggregated revenue metrics to evaluate product pricing, store count, and customer retention, among other things. Adjusted EBITDA and cash provided by operating activities are reviewed to assess allocation of resources. The significant expenses reviewed by the CODM are cost of goods sold, sales and marketing expenses, and general and administrative expenses as presented on the consolidated statements of operations.

Management further determined that, based on their economic similarities, the Company's operating subsidiaries, representing components, should be aggregated into one reporting unit for purposes of assessing potential impairment of goodwill in accordance with *ASC 350 Intangibles - Goodwill and Other*. These legal entities represent acquisitions that occurred over time pursuant to the Company's strategic growth strategy.

Goodwill & Goodwill Impairment Assessment

Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets acquired. Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill may be impaired. Examples of such events and circumstances that the company considers include the following:

- Macroeconomic conditions such as deterioration in general economic conditions, limitations on accessing capital, fluctuations in foreign exchange rates, or other developments in equity and credit markets;
- Industry and market considerations such as a deterioration in the environment in which the company operates, an increased competitive environment, a decline in market-dependent multiples or metrics (considered in both absolute terms and relative to peers), a change in the market for the company's products or services, or a regulatory or political development;
- Cost factors such as increases in inventory, labor, or other costs that have a negative effect on earnings and cash flows;
- Overall financial performance such as negative or declining cash flows or a decline in actual or planned revenue or earnings compared with actual and projected results of relevant prior periods;
- Other relevant entity-specific events such as changes in management, key personnel, strategy, or customers, contemplation of bankruptcy, or litigation;

- Events affecting a reporting unit such as a change in the composition or carrying amount of its net assets, a more likely than not expectation of selling or disposing all, or a portion, of a reporting unit, the testing for recoverability of a significant asset group within a reporting unit, or recognition of a goodwill impairment loss in the financial statements of a subsidiary that is a component of a reporting unit; and
- A sustained decrease in share price (considered in both absolute terms and relative to peers).

In order to determine that the value of goodwill may have been impaired, the Company applies the guidance in *ASC 350 Intangibles - Goodwill and Other*, which provides entities with an option to perform a qualitative assessment (commonly referred to as “Step Zero”) to determine whether further quantitative analysis for impairment of goodwill is necessary. The Company performs the Step Zero assessment to determine that it was more-likely-than-not if the reporting unit’s carrying value is less than the fair value, indicating the potential for goodwill impairment. A number of factors, including historical results, business plans, forecasts, market data, and a reasonable control premium are used to determine the fair value of the reporting unit. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

The Company operates as one operating segment and reporting unit and therefore, evaluates goodwill for impairment as one singular reporting unit annually during the fourth quarter or more often when an event occurs, or circumstances indicate the carrying value may not be recoverable.

When the Company employs the market approach in its goodwill impairment testing, the Company estimates the fair value based upon multiples of comparable public companies. Significant estimates in the market approach include identifying similar companies with comparable business factors such as size, growth, profitability, risk and return on investment, as well as assessing comparable market multiples in estimating the fair value of the reporting unit.

For the Company's 2024 annual impairment test, the Company performed a Step Zero assessment reviewing the factors listed above, including but not limited to historical results, business plans, forecasts, market data, and a reasonable control premium.

In 2024, the Company did not identify any events or changes in circumstances that would indicate the carrying amount of goodwill may be impaired.

Discontinued Operations

The Company classifies a component of an entity that has been or is to be disposed of, either by sale, abandonment, or other means, as discontinued operations when it represents a strategic shift in the Company's operations. A component of an entity is identified as operations and cash flows that can be clearly distinguished, operationally and financially, from the rest of the entity.

Recently Adopted Accounting Pronouncements

ASU 2023-07 In November 2023, FASB issued ASU 2023-07, *Improvements to Reportable Segment Disclosures (Topic 280)*. This ASU updates reportable segment disclosure requirements by requiring disclosures of the measure of profit or loss that the Company's CODM uses to assess segment performance and make decisions about resource allocation. This ASU also requires disclosure of the title and position of the individual identified as the CODM and an explanation of how the CODM uses the reported measures of a segment's profit or loss in assessing segment performance and deciding how to allocate resources. The Company adopted this ASU as of December 31, 2024 resulting in additional disclosures. Refer to the "Segment Reporting & Reporting Units" section above in this *Note 3. Summary Of Significant Accounting Policies*.

Recently Issued Accounting Pronouncements

Recent accounting pronouncements, other than those below, issued by FASB did not or are not believed by management to have a material effect on the Company's present or future financial statements or disclosures.

ASU 2024-03 In November 2024, FASB issued ASU No. 2024-03, *Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40)*. The new guidance requires disaggregated information about certain income statement expense line items on an annual and interim basis. This guidance will be effective for annual periods beginning after December 15, 2026, and interim reporting periods within annual reporting periods beginning after December 15, 2027. The new standard permits early adoption and can be applied prospectively or retrospectively. We are evaluating the effect that this guidance will have on our consolidated financial statements and related disclosures.

ASU 2023-09 In December 2023, FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures (Topic 740)*. The ASU requires disaggregated information about a reporting entity's effective tax rate reconciliation as well as additional information on income taxes paid. The ASU is effective on a prospective basis for annual periods beginning after December 15, 2024. The Company plans to adopt the guidance and include the required enhanced disclosures in its consolidated financial statements beginning in the year ending December 31, 2025.

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable, net consisted of the following as of December 31:

	2024	2023
	(in thousands)	
Trade receivables	$ 10,779	$ 10,420
Less: allowance for credit losses	(2,491)	(3,717)
Accounts receivable, net	$ 8,288	$ 6,703

The following table presents the changes in allowance for credit losses on accounts receivable for the years ended December 31:

	2024	2023	2022
		(in thousands)	
Balance, beginning of year	$ (3,717)	$ (2,016)	$ (259)
Charged to costs and expenses	461	(1,701)	(1,757)
Write-offs	765	—	—
Balance, end of year	$ (2,491)	$ (3,717)	$ (2,016)

NOTE 5. NOTES RECEIVABLE

The Company's notes receivable are secured by certain assets with maturities ranging from July 2025 to September 2032 and consisted of the following as of December 31:

	2024	2023
	(in thousands)	
Total notes receivable	$ 12,494	$ 13,701
Less: discount on notes receivable	—	(45)
Less: allowance for credit losses	(7,216)	—
Less: current portion of notes receivable	(4,750)	(6,233)
Notes receivable, net	$ 528	$ 7,423
Weighted-average effective interest rate	8.07 %	8.05 %

During the years ended December 31, 2024, 2023, and 2022, the Company recorded interest income on its notes receivable of $1.2 million, $1.2 million, and $1.3 million, respectively, to interest income on the consolidated statements of operations.

The Company recorded a provision for credit losses of $7.2 million, zero, and zero for the years ended December 31, 2024, 2023, and 2022, respectively, to other (expense) income, net on the consolidated statements of operations. There was no other allowance for credit losses activity during the years ended December 31, 2024, 2023, and 2022.

NOTE 6. INVENTORIES

Inventories are comprised of the following as of December 31:

	2024	2023
	(in thousands)	
Raw materials		
Cannabis plants	$ 20,986	$ 21,429
Packaging and supplies	30,208	36,472
Total raw materials	51,194	57,901
Work in process	125,168	104,428
Finished goods - unmedicated	6,354	6,516
Finished goods - medicated	48,655	44,275
Total inventories	$ 231,371	$ 213,120

NOTE 7. PROPERTY AND EQUIPMENT

Property and equipment, net consisted of the following as of December 31:

	2024	2023
	(in thousands)	
Land	$ 23,155	$ 26,699
Buildings and improvements	573,477	528,173
Furniture and equipment	301,636	292,128
Vehicles	712	814
Construction in progress	88,109	28,023
Total property and equipment, gross	987,089	875,837
Less: accumulated depreciation	(271,038)	(199,485)
Total property and equipment, net	$ 716,051	$ 676,352

The Company incurred the following related to property and equipment for the years ended December 31:

	Location on the consolidated statements of operations	2024	2023	2022
			(in thousands)	
Capitalized interest	Interest expense	$ 1,081	$ (148)	$ 4,728
Depreciation expense	Cost of goods sold	51,436	55,114	44,383
Depreciation expense	Depreciation and amortization	22,305	21,004	26,216
Loss on impairment and disposals, net	Impairment and disposal of long-lived assets, net of (recoveries)	577	7,781	55,149

NOTE 8. INTANGIBLE ASSETS & GOODWILL

Intangible Assets

The Company's definite-lived intangible assets consisted of the following as of December 31:

	2024				2023		
	Weighted Average Useful Life (in years)	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
				(in thousands)			
Licenses	15.0	$ 1,045,870	$ 228,614	$ 817,256	$ 1,046,544	$ 159,084	$ 887,460
Trademarks	3.5	27,430	22,215	5,215	27,430	17,609	9,821
Internal use software	4.5	51,821	15,109	36,712	26,947	7,520	19,427
Tradenames	4.2	4,861	4,561	300	4,861	4,461	400
Customer relationships	2.1	3,535	3,535	—	3,535	3,452	83
Total Intangible Assets	14.2	$ 1,133,517	$ 274,034	$ 859,483	$ 1,109,317	$ 192,126	$ 917,191

Amortization expense for intangible assets totaled $82.2 million, $80.4 million, and $81.7 million for the years ended December 31, 2024, 2023, and 2022, respectively, and recorded in depreciation and amortization on the consolidated statements of operations.

The following table outlines the estimated future annual amortization expense related to intangible assets as of December 31, 2024:

Year	Estimated Amortization (in thousands)
2025	$ 82,862
2026	79,732
2027	77,397
2028	76,230
2029	74,220
Thereafter	469,042
Total	$ 859,483

Goodwill

The following table outlines the changes in the carrying value of goodwill, December 31:

	2024	2023
	(in thousands)	
Balance, beginning of year	$ 483,905	$ 791,495
Impairment [1] [2]	—	(307,590)
Balance, end of year	$ 483,905	$ 483,905

[1] For the 2024 impairment assessment, refer to *Note 3. Summary Of Significant Accounting Policies.*

[2] In June 2023, based on the results of the Company's impairment procedures, the Company recorded an impairment for its single reporting unit. Refer to *Note 21. Financial Instruments & Fair Value Measurements* for further information about the impairment.

NOTE 9. HELD FOR SALE ASSETS

Held for sale assets primarily consists of property and are recorded in other current assets on the consolidated balance sheets. The following table outlines the changes in held for sales assets, December 31:

	2024	2023
	(in thousands)	
Balance, beginning of year	$ 15,580	$ 14,521
Assets moved to held for sale	10,568	18,694
Non-cash settlement	—	(2,481)
Impairments	(1,207)	(2,810)
Assets sold	(6,612)	(12,344)
Balance, end of year	$ 18,329	$ 15,580

NOTE 10. LONG-TERM BORROWINGS

Private Placement Notes

On October 6, 2021, the Company closed its private placement of 8% Senior Secured Notes (the "2026 Notes - Tranche One") for aggregate gross proceeds of $350.0 million and net proceeds of $342.6 million. The Company used a portion of the net proceeds to repay certain outstanding acquired indebtedness and used the remaining net proceeds for capital expenditures and other general corporate purposes. On January 28, 2022, the Company closed on a second tranche private placement of 8% Senior Secured Notes (the "2026 Notes - Tranche Two") for aggregate gross proceeds of $76.9 million and net proceeds of $75.6 million. The Company used the net proceeds for capital expenditures and other general corporate purposes. The notes may be redeemed in whole or in part, at the Company's option. Repayment before October 6, 2025 would incur a 2% prepayment penalty, subsequent to that date there is no prepayment penalty. These notes are collectively referred to as the "2026 Notes".

Private placement notes payable consisted of the following as of December 31:

	2024	2023	Stated Interest Rate	Effective Interest Rate	Maturity Date
	(in thousands)				
2026 Notes - Tranche One	$ 293,000	$ 293,000	8.00%	8.52%	10/6/2026
2026 Notes - Tranche Two	75,000	75,000	8.00%	8.43%	10/6/2026
Total private placement notes	368,000	368,000			
Less: unamortized debt discount and issuance costs	(3,164)	(4,785)			
Less: current portion of private placement notes, net	—	—			
Private placement notes, net	$ 364,836	$ 363,215			

The private placement notes contain customary restrictive covenants pertaining to our management and operations, including, among other things, limitations on the amount of debt that may be incurred and the ability to pledge assets, as well as financial covenant requirements, that the Company comply with certain indebtedness to consolidated EBITDA (as defined) requirements and a fixed charge ratio coverage, measured from time to time when certain conditions are met.

Interest expense incurred on private placement notes is recorded to interest expense, net on the consolidated statements of operations and was $31.1 million, $49.7 million, and $52.0 million for the years ended December 31, 2024, 2023, and 2022, respectively.

Debt Extinguishments

In 2023, the Company made an open market repurchase of its private placement notes, "2026 Notes - Tranche One", that resulted in the extinguishment of $57.0 million in principal at a discount of 16.5%. Cash consideration paid to repurchase the principal amount outstanding, excluding accrued interest, totaled $47.6 million, and the Company recognized a gain of $8.2 million on the extinguishment of debt.

In 2023, the Company completed two full early redemptions of private placement notes with a cash payment of $130.0 million, excluding accrued interest, which represented a redemption price of 100% of the principal amounts outstanding for both notes. The Company recorded a loss on debt extinguishment of $2.4 million representing the difference between the reacquisition price and the net carrying amount of the debt as of extinguishment.

Notes Payable

Notes payable consisted of the following as of December 31:

	2024	2023	Stated Interest Rate		Effective Interest Rate	Maturity Date
	(in thousands)					
Mortgage Notes Payable						
Notes dated December 21, 2022 [3]	$ 68,377	$ 70,046	[3]	[2]	7.87%	1/1/2028
Notes dated December 22, 2023 [4]	24,468	25,000	8.31%	[2]	8.48%	12/22/2028
Notes dated December 22, 2022 [5]	18,012	18,470	7.30%	[2]	7.38%	12/22/2032
Notes dated October 1, 2021 [6]	5,193	5,645	8.14%	[2]	8.29%	11/1/2027
Total mortgage notes payable	116,050	119,161				
Promissory Notes Payable						
Notes acquired in Harvest Acquisition in October 2021 [7]	1,027	1,707	[6]	[2]	[6]	[6]
Note of consolidated variable-interest entity dated February 1, 2022	—	885				
Total promissory notes payable	1,027	2,592				
Total notes payable [1]	117,077	121,753				
Less: debt discount	(1,725)	(2,139)				
Less: current portion of notes payable	(3,407)	(3,759)				
Notes payable, net	$ 111,945	$ 115,855				

(1) Notes payable are subordinated to the private placement notes.

(2) Interest payments are due monthly.

(3) The mortgage note payable interest rate is a variable rate equal to the CME Term Secured Overnight Financing Rate ("SOFR") plus 3.00%. In connection with the closing of this note, the Company entered into an interest rate swap to fix the interest rate at 7.53% for the term of the notes. See *Note 21. Financial Instruments & Fair Value Measurements* for further details. These promissory notes are pledged by all of the assets at that location and contain customary restrictive covenants pertaining to the Company's management and operations, including, among other things, limitations on the amount of debt that may be incurred and the ability to pledge assets, among other things, as well as financial covenant requirements, that the Company comply with certain indebtedness to consolidated EBITDA (as defined) requirements, debt service coverage ratio, and liquidity covenant test. The covenants commenced on September 30, 2023 with semi-annual measurement, except for certain covenants which were measured starting as of December 31, 2022. In May 2023, the Company amended the terms of the agreement with respect to the covenant requirements, excluding balloon payments from certain covenant calculations.

(4) This mortgage note payable is pledged by all of the assets at this location and contains customary restrictive covenants pertaining to our management and operations, including, among other things, limitations on the amount of debt that may be incurred and the ability to pledge assets, among other things, as well as financial covenant requirements, that the Company comply with certain indebtedness to consolidated EBITDA (as defined) requirements, debt service coverage ratio, and liquidity covenant test. The covenants commenced on June 30, 2024 with quarterly or semi-annual measurement, except for certain covenants which were measured starting as of December 31, 2023.

(5) The stated interest rate on the mortgage note payable is in effect until December 21, 2027 and thereafter, interest will accrue at a rate equal to the five-year treasury rate in effect as of December 12, 2027 plus 3.50%. The promissory note is pledged by the real estate asset at this location and contains customary restrictive covenants pertaining to the Company's operations, including, among other things, limitations on the amount of debt and subsidiary debt that may be incurred and the ability to pledge assets, as well as financial covenant requirements, among other things, that the Company comply with certain indebtedness to consolidated EBITDA (as defined) requirements, covenant to liquidity and debt principal test, and a global debt service coverage ratio.

(6) On November 15, 2022, the Company closed on the refinancing of the mortgage notes payable dated October 1, 2021 to extend the maturity date by five-year and fix the interest rate at 8.14%. The mortgage note payable is pledged by the personal property and real estate assets at this location.

(7) Seven promissory notes were acquired during the year ended December 31, 2021. Interest rates range from 0.00% to 7.50%, with a weighted average interest rate of 7.37% as of December 31, 2024. Maturity dates range from April 27, 2026 to October 24, 2026.

Interest expense incurred on notes payable is recorded to interest expense, net on the consolidated statements of operations and was $9.7 million, $8.4 million, and $1.0 million for the years ended December 31, 2024, 2023, and 2022, respectively.

Financial and Other Covenants

As noted above, certain long-term borrowing agreements contain various operating and financial covenants and as of December 31, 2024, the Company was in compliance with all such operating and financial covenants.

Maturities

Stated maturities of the principal portion of private placement notes and notes payable outstanding as of December 31, 2024 are as follows:

Year	Private Placement Notes	Notes Payable	Total Maturities
		(in thousands)	
2025	$ —	$ 3,407	$ 3,407
2026	368,000	4,655	372,655
2027	—	7,600	7,600
2028	—	85,633	85,633
2029	—	668	668
Thereafter	—	15,114	15,114
Total	$ 368,000	$ 117,077	$ 485,077

NOTE 11. LEASES

The following table presents the components of lease costs for the years ended December 31:

	Location on the consolidated statements of operations	2024	2023	2022
			(in thousands)	
Operating lease cost	Cost of goods sold, sales and marketing, general and administrative	$ 23,346	$ 20,291	$ 20,428
Finance lease cost:				
Amortization of right-of-use assets	Cost of goods sold, Depreciation and amortization	10,395	10,357	10,935
Interest on lease obligations	Interest expense	6,765	6,449	6,549
Variable lease cost	Cost of goods sold, sales and marketing, general and administrative	10,700	9,766	7,887
Short-term lease expense	Cost of goods sold, sales and marketing, general and administrative	83	406	751
Total lease cost (1)		$ 51,289	$ 47,269	$ 46,550

(1) Total lease cost recorded in cost of goods sold on the consolidated statements of operations was $3.5 million, $3.2 million, and $4.0 million for the years ended December 31, 2024, 2023, and 2022, respectively.

The following table presents supplemental cash flow information related to operating and finance leases for the years ended December 31:

	2024	2023	2022
		(in thousands)	
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	$ 19,684	$ 19,283	$ 21,092
Operating cash flows from finance leases	6,765	6,483	6,542
Financing cash flows from finance leases	7,300	7,213	7,042
Non-cash activity related to lease liabilities			
Operating leases	$ 35,664	$ 14,016	$ 19,920
Finance leases	16,906	1,021	25,909

The following table presents supplemental balance sheet information related to operating and finance leases as of December 31:

	2024	2023
Weighted average remaining lease term		
Operating leases	8.0 years	7.0 years
Finance leases	7.0 years	7.2 years
Weighted average discount rate		
Operating leases	10.7 %	8.3 %
Finance leases	9.6 %	9.0 %

Future minimum lease payments under the Company's non-cancellable leases as of December 31, 2024 are as follows:

Year	Operating Leases	Finance Leases	Total Leases
		(in thousands)	
2025	$ 24,674	$ 16,119	$ 40,793
2026	24,824	16,026	40,850
2027	24,419	15,429	39,848
2028	23,804	14,013	37,817
2029	21,331	12,719	34,050
Thereafter	78,307	33,133	111,440
Total undiscounted lease liabilities	197,359	107,439	304,798
Less: Interest	(67,743)	(30,225)	(97,968)
Total present value of minimum lease payments	129,616	77,214	206,830
Lease liabilities - current portion	(12,131)	(9,535)	(21,666)
Lease liabilities	$ 117,485	$ 67,679	$ 185,164

The Company recorded a loss on disposal of right of use assets of $0.5 million, $5.7 million, and $17.8 million, for the years ended December 31, 2024, 2023 and 2022, respectively, resulting from the repositioning of assets, which were recorded in impairment and disposal of long-lived assets, net of (recoveries) on the consolidated statements of operations.

Lease Guarantees

In 2023, the Company terminated a retail lease resulting in the Company being relieved of its primary obligation under this lease. As a result of the lease termination, a new tenant executed a new lease for the same properties with the Company becoming secondarily liable. Nonperformance by the new tenant results in the Company becoming obligated to fulfill the lease conditions. If the new tenant defaults on the lease obligations the Company becomes responsible for payment. As of December 31, 2024, the Company's remaining guarantor term is for 5.0 years and the resulting maximum exposure includes $4.5 million of undiscounted future minimum lease payments plus potential additional payments to satisfy maintenance, taxes, and insurance requirements.

In 2023, the Company determined it was no longer the primary beneficiary of one of its variable interest entities resulting in the Company deconsolidating this variable interest entity in 2023, which included termination of the business relationship and deconsolidation of two retail leases. The Company became secondarily liable for the deconsolidated retail leases due to the Company being guarantor for these two cannabis dispensary leases. Under both leases, nonperformance by the tenant results in the Company becoming obligated to fulfill the lease conditions. As of December 31, 2024, the Company's remaining guarantor terms are for 6.0 years and 7.0 years and the resulting maximum exposure includes $2.1 million and $2.8 million, respectively, of undiscounted future minimum lease payments plus potential additional payments to satisfy maintenance, taxes, and insurance requirements.

In 2022, the Company terminated a cultivation lease resulting in the Company being relieved of its primary obligation under this lease. As a result of the lease termination, a new tenant executed a new lease for the same property with the Company becoming secondarily liable. If the new tenant defaults on the lease obligations the Company becomes responsible for payment. As of December 31, 2024, the Company's remaining guarantor term is for 9.0 years and the resulting maximum exposure includes $10.2 million of undiscounted future minimum lease payments plus potential additional payments to satisfy maintenance, taxes, and insurance requirements.

NOTE 12. CONSTRUCTION FINANCE LIABILITIES

Total construction finance liabilities were $137.4 million and $138.1 million as of December 31, 2024 and 2023, respectively. The contractual terms range from 10.0 years to 25.0 years with a weighted average remaining lease term of 15.9 years.

The Company recorded interest and accretion expense of $16.4 million, $16.4 million, and $15.9 million for the years ended December 31, 2024, 2023, and 2022, respectively, to interest expense, net on the consolidated statements of operations.

Future minimum lease payments for the construction finance liabilities as of December 31, 2024 are as follows:

Year	Construction Finance Liabilities (in thousands)
2025	$ 17,521
2026	18,013
2027	18,519
2028	19,039
2029	19,574
Thereafter	263,811
Total future payments	356,477
Less: Interest	(219,037)
Total present value of minimum payments	137,440
Construction finance liabilities - current portion	(1,919)
Construction finance liabilities	$ 135,521

NOTE 13. SHARE CAPITAL

The authorized share capital of the Company is comprised of the following:

(i) Unlimited number of Subordinate Voting Shares

Holders of the Subordinate Voting Shares are entitled to notice of and to attend any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company shall have the right to vote. At each such meeting holders of Subordinate Voting Shares shall be entitled to one vote in respect of each Subordinate Voting Share held. Holders of Subordinate Voting Shares are entitled to receive as and when declared by the directors, dividends in cash or property of the Company. No dividend will be declared or paid on the Subordinate Voting Shares unless the Company simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Multiple Voting Shares and Super Voting Shares.

(ii) Unlimited number of Multiple Voting Shares

Holders of Multiple Voting shares are entitled to notice of and to attend any meetings of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company have the right to vote. At each such meeting, holders of Multiple Voting Shares are entitled to one vote in respect of each Subordinate Voting

Share into which such Multiple Voting Share could ultimately then be converted (initially, 100 votes per Multiple Voting Share). The initial “Conversation Ratio” for Multiple Voting Shares is 100 Subordinate Voting shares for each Multiple Voting Share, subject to adjustment in certain events. Holders of Multiple Voting Shares have the right to receive dividends, out of any cash or other assets legally available therefor, pari passu (on an as converted basis, assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares at the Conversion Ratio) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares.

No dividend may be declared or paid on the Multiple Voting Shares unless the Company simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Subordinate Voting Shares and Super Voting Shares.

The Company's subordinate voting shares and multiple voting shares, as converted, are collectively referred to herein as common stock.

(iii) Unlimited number of Super Voting Shares

Holders of Super Voting Shares are entitled to notice of and to attend any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company shall have the right to vote. At each such meeting, holders of Super Voting Shares are entitled to two votes in respect of each Subordinate Voting Share into which such Super Voting Share could ultimately then be converted (initially, 200 votes per Super Voting Share). Holders of Super Voting Shares have the right to receive dividends, out of any cash or other assets legally available therefor, pari passu (on an as converted to Subordinate Voting Share basis) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares. No dividend is to be declared or paid on the Super Voting Shares unless the Company simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Subordinate Voting Shares and Multiple Voting Shares. The initial “Conversion Ratio” for the Super Voting Shares is one Multiple Voting Share for each Super Voting Share, subject to adjustment in certain events. There were no Super Voting Shares outstanding as of December 31, 2024 or 2023.

NOTE 14. SHARE BASED COMPENSATION

Equity Incentive Plans

The Company’s Second Amended and Restated Trulieve Cannabis Corp. 2021 Omnibus Incentive Plan, (the “Amended 2021 Plan”) was approved at the Company's annual meeting of shareholders on June 12, 2024. The Amended 2021 Plan reserves 19,500,000 Subordinate Voting Shares for issuance thereunder. The Amended 2021 Plan is administered by the Compensation Committee of the Board of Directors.

Stock Options

Stock options granted to board members immediately vest. Stock options granted to officers and certain management employees vest ratably over a three-year period, subject to continued employment through each anniversary, with a maximum contractual term of seven years.

The fair value of each option award at grant date was estimated using the Black-Scholes option-pricing model with the following assumptions made and resulting grant-date fair values during the years ended December 31:

	2024	2023	2022
Weighted-average grant-date fair value	$5.47	$1.99	$9.45
Expected term (in years)	3.5 - 4.0	3.3 - 4.0	3.5 - 4.5
Expected volatility	65.7% - 66.0%	60.1% - 60.9%	51.8% - 52.9%
Expected dividend yield	0%	0%	0%
Risk-free annual interest rate	4.2%	4.3% - 4.5%	1.2% - 1.8%

The following table summarizes the Company's stock option activity for the year ended December 31, 2024:

	Number of options	Weighted average exercise price
Outstanding options, beginning of year	4,197,058	$ 17.73
Granted	992,166	10.00
Exercised [(1)]	(153,511)	4.52
Forfeited	(335,620)	54.03
Expired	(64,026)	19.54
Outstanding options, end of year [(2)]	4,636,067	$ 13.86
Vested and exercisable options, end of year [(3)]	3,606,920	$ 15.68

(1) The total aggregate intrinsic value of options exercised was $1.0 million, zero, and $2.1 million for the years ended December 31, 2024, 2023, and 2022, respectively.

(2) Outstanding options at the end of the year had a weighted average remaining contractual life of 4.0 years with a total aggregate intrinsic value of $1.7 million.

(3) Vested and exercisable options at the end of the year had a weighted average remaining contractual life of 3.6 years with a total aggregate intrinsic value of $1.2 million.

Restricted Stock Units

RSUs awarded to board members vest over a 30-day period. RSUs awarded to officers and certain management employees vest ratably over a two-year period subject to continued employment through each anniversary.

The following table summarizes the Company's RSU activity for the year ended December 31, 2024:

Restricted Stock Unit Activity	Number of restricted stock units	Weighted-average grant-date fair value
Unvested balance, beginning of year	2,686,216	$ 5.47
Granted	2,194,918	10.00
Vested	(1,484,742)	6.83
Forfeited	(216,748)	8.00
Unvested balance, end of year	3,179,644	$ 7.80

The weighted-average grant date fair value of RSUs granted was $3.99 and $21.51 for the years ended December 31, 2023 and 2022, respectively. The fair value of RSUs vested totaled $10.1 million, $2.1 million and $1.6 million for the years ended December 31, 2024, 2023, and 2022, respectively.

In September 2021, the Board of Directors approved a grant of 2,904,079 RSUs for two executive officers as a replacement for canceled warrants. The RSUs immediately vested at grant, but were not contractually issuable until three years after the vesting date. In September 2024, the three-year contractual obligation was met and the holders elected to net settle their tax obligations, resulting in the issuance of 1,829,570 shares of common stock and a $12.2 million payment for taxes.

Share-Based Compensation Expense

The following table presents total share-based compensation expense for the years ended December 31:

Statements of operations	2024	2023	2022
		(in thousands)	
Cost of goods sold	$ 1,276	$ 810	$ 1,072
General and administrative	16,608	9,098	16,347
Sales and marketing	2,318	667	705
Total share-based compensation expense	$ 20,202	$ 10,575	$ 18,124

The total recognized income tax benefit was $0.7 million, nominal, and $0.3 million, for the years ended December 31, 2024, 2023, and 2022, respectively.

As of December 31, 2024, there was approximately $2.3 million and $14.1 million of total unrecognized compensation cost related to unvested stock options and unvested restricted stock units, respectively, both of which are expected to be recognized over a weighted-average service period of 0.8 years.

NOTE 15. EARNINGS PER SHARE

The following is a reconciliation for the calculation of basic and diluted earnings per share for the years ended December 31:

	2024	2023	2022
Numerator		*(in thousands, except for per share data)*	
Continuing operations			
Net loss from continuing operations	$ (154,875)	$ (435,895)	$ (182,618)
Less: net loss attributable to non-controlling interest from continuing operations	(5,472)	(5,147)	(3,994)
Net loss from continuing operations available to common shareholders	$ (149,403)	$ (430,748)	$ (178,624)
Discontinued operations			
Net loss from discontinued operations, net of tax	$ (5,702)	$ (97,241)	$ (70,109)
Less: net loss attributable to non-controlling interest	—	(1,193)	(2,669)
Net loss from discontinued operations, net of tax, attributable to common shareholders	$ (5,702)	$ (96,048)	$ (67,440)
Denominator			
Weighted average number of common shares outstanding - Basic and diluted	189,992,663	188,974,176	187,995,317
Loss per share - Continuing operations			
Basic and diluted loss per share	$ (0.79)	$ (2.28)	$ (0.95)
Loss per share - Discontinued operations			
Basic and diluted loss per share	$ (0.03)	$ (0.51)	$ (0.36)

Shares which have been excluded from diluted per share amounts because their effect would have been anti-dilutive are as follows as of December 31:

	2024	2023	2022
Stock options	4,636,067	4,197,058	3,177,815
Restricted share units	3,179,644	2,686,216	720,707
Warrants	9,496	9,496	177,391
Total shares excluded	7,825,207	6,892,770	4,075,913

As of December 31, 2024, there were approximately 191.0 million issued and outstanding shares, which excluded 0.1 million fully vested RSUs that are not contractually issuable until the earlier of a defined triggering event or the award anniversary date, either December 1, 2030 or December 1, 2031.

As of December 31, 2024, there were 9,496 warrants outstanding, each exercisable for one Subordinate Voting Share at an exercise price of $23.76, with an expiration date of December 30, 2025.

NOTE 16. INCOME TAXES

The Company is treated as a United States corporation for U.S. federal income tax purposes under IRC Section 7874 and is subject to U.S. federal income tax on its worldwide income. However, for Canadian tax purposes, the Company, regardless of any application of IRC Section 7874, is treated as a Canadian resident company (as defined in the Income Tax Act (Canada) (the "ITA") for Canadian income tax purposes. As a result, the Corporation is subject to taxation both in Canada and the United States.

Income Tax Provision

The components of the income tax provision include the following for the years ended December 31:

	2024	2023	2022
		(in thousands)	
Current:			
Federal	$ 174,962	$ 121,722	$ 141,582
State	33,001	46,808	38,633
Total current tax expense	$ 207,963	$ 168,530	$ 180,215
Deferred:			
Federal	$ (18,014)	$ (15,755)	$ (17,814)
State	7,640	(1,417)	979
Foreign	—	—	—
Total deferred tax expense	$ (10,374)	$ (17,172)	$ (16,835)
Total income tax expense	$ 197,589	$ 151,358	$ 163,380

A reconciliation of the Federal statutory income tax rate percentage to the effective tax rate is as follows for the years ended December 31:

	2024	2023	2022
		(in thousands)	
Income (loss) before income taxes	$ 42,714	$ (284,537)	$ (19,238)
Federal statutory rate	21.0 %	21.0 %	21.0 %
Theoretical tax provision (benefit)	$ 8,970	$ (59,753)	$ (4,040)
Effects of tax rates in foreign jurisdictions	$ (451)	$ 15	$ 16
State taxes	(4,526)	835	14,598
Changes in state tax rates	13,341	5,772	4,763
Change in state tax filing methods	(7,509)	—	—
Uncertain tax position, inclusive of interest and penalties	155,362	130,481	146,702
Change in valuation allowance	6,655	2,962	1,647
Other	380	151	(4,793)
Tax effect of non-deductible expenses:			
Goodwill impairment	—	64,594	—
Excess compensation	7,140	12	—
Stock compensation	(7,291)	1,170	169
Legislative campaign contributions	24,761	4,401	4,318
Non-controlling interest	757	718	—
Total non-deductible expenses	$ 25,367	$ 70,895	$ 4,487
Total income tax provision	$ 197,589	$ 151,358	$ 163,380
Effective tax rates	462.6 %	(53.2)%	(849.3)%

Deferred Income Taxes

Deferred income taxes consist of the following as of December 31:

	2024	2023
	(in thousands)	
Deferred tax assets:		
Lease liabilities	$ 3,736	$ 2,623
Finance liabilities	28,433	27,695
Net operating losses	16,839	10,098
Inventory reserves	5,657	4,667
Other deferred tax assets	6,247	759
Total deferred tax assets:	$ 60,912	$ 45,842
Deferred tax liabilities:		
Right of use assets	$ (3,405)	$ (2,356)
Intangible assets	(218,970)	(221,743)
Property and equipment	(18,870)	(19,150)
Total deferred tax liabilities:	$ (241,245)	$ (243,249)
Valuation allowance	(16,212)	(9,557)
Net deferred tax liability	$ (196,545)	$ (206,964)

Realization of deferred tax assets associated with the net operating loss carryforwards is dependent upon generating sufficient taxable income prior to their expiration. A valuation allowance to reflect management's estimate of the net operating loss carryforwards that may expire prior to their utilization has been recorded as of December 31, 2024. The following table outlines the changes in the valuation allowance for the years ended December 31:

	2024	2023	2022
		(in thousands)	
Balance, beginning of year	$ (9,557)	$ (6,596)	$ (6,826)
Charged to costs and expenses	(6,655)	(2,961)	230
Balance, end of year	$ (16,212)	$ (9,557)	$ (6,596)

As of December 31, 2024, the Company had $15.2 million of non-capital Canadian losses which expire from 2031 to 2044, $697.7 million of state net operating losses which expire from 2038 to 2044, $15.4 million of state net operating losses which have an indefinite carryforward period, and $119.8 million of U.S. federal net operating losses which have an indefinite carryforward period. The Company determined a valuation allowance was applicable to $15.2 million of non-capital Canadian losses, $10.1 million of US federal net operating losses, and $199.7 million of state net operating losses. The Company also determined that it is more likely than not that the benefit from $27.9 million of U.S. federal net operating losses and $371.6 million of state net operating losses will not be realized and therefore this amount has not been recorded.

Unrecognized Tax Benefits

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

	2024	2023
	(in thousands)	
Balance, January 1	$ 542,762	$ 41,781
Reductions based on lapse of statute of limitations	—	(1,053)
Reductions based on tax positions related to the prior years	(2,957)	—
Reductions based on refunds still outstanding	(46,696)	—
Additions based on tax positions related to the current year	129,558	152,313
Additions based on refunds requested but not received related to prior year	—	111,664
Additions based on refunds received related to prior years	52,001	62,391
Additions based on tax positions related to the prior year	—	175,666
Balance, December 31	$ 674,668	$ 542,762

The Company and certain of its subsidiaries are currently under examination by the relevant taxing authorities for various tax years. The Company does not reasonably expect the potential outcomes of these examinations to materially change the amount of unrecognized tax benefit over the next 12 months. With few exceptions, as of December 31, 2024, the Company is no longer subject to examination by tax authorities for years before 2020.

Uncertain Tax Positions

The IRS has taken the position that cannabis companies are subject to the limits of Internal Revenue Code ("IRC") Section 280E for U.S. federal income tax purposes. Under the IRS's interpretation of IRC Section 280E, cannabis companies are only allowed to deduct expenses directly and indirectly related to the production of inventory. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E.

The Company has taken a position that Section 280E does not preclude it from deducting ordinary and necessary business expenditures on its tax returns. As of December 31, 2024 and December 31, 2023, the Company recorded an uncertain tax liability in the consolidated balance sheets that reflects this tax position.

A reconciliation of the beginning and ending amount of uncertain tax position liabilities:

	2024	2023
	(in thousands)	
Balance, January 1	$ 180,350	$ 19,459
Reductions based on lapse of statute of limitations	—	(1,053)
Additions based on tax positions related to the current year	150,014	139,914
Additions based on tax positions related to the prior year	1,256	113,815
Additions based on refunds received related to prior years	52,001	62,391
Reclass tax payment on account	35,998	(157,063)
Interest recorded in income tax expense, net of reversals [1]	25,602	3,150
Penalties recorded in income tax expense, net of reversals [1]	—	(263)
Balance, December 31 [2] [3] [4]	$ 445,221	$ 180,350

(1) Amounts represent the interest and penalties recorded on uncertain tax positions during the respective years which are recorded in the provision for income taxes on the condensed consolidated statements of operations.

(2) The Company has taken a position that IRC Section 280E does not preclude it from deducting ordinary and necessary business expenditures on its tax returns. As of December 31, 2024, $412.6 million is related to this tax position. This amount does not include $121.1 million of previous tax payments for which the Company has claimed overpayment related to this tax position.

(3) The $264.9 million increase in uncertain tax positions is primarily due to receipt of $52.0 million in refunds in the current year, as well as $150.0 million current year accruals, each related to tax positions based on legal interpretations that challenge the Company's tax liability under IRC Section 280E.

(4) The ending balance includes accrued interest and penalties totaling $32.0 million and $6.4 million as of December 31, 2024 and 2023, respectively.

NOTE 17. VARIABLE INTEREST ENTITIES

The Company has entered into certain agreements in several states with various entities related to the purchase and operation of cannabis dispensary, cultivation, and production licenses, and has determined these to be variable interest entities for which it is the primary beneficiary and/or holds a controlling voting equity position. The Company holds an ownership interest in these entities ranging from 0% to 95% either directly or through a proxy as of December 31, 2024.

The Company consolidates these entities due to the other holder's equity investment being insufficient to finance its activities without additional subordinated financial support and the Company meeting the power and economics criteria. In particular, the Company controls the management decisions and activities most significant to certain VIEs, has provided a significant portion of the subordinated financial support provided to date, and holds membership interests exposing the Company to the risk of reward and/or loss. The Company allocates income and cash flows of the VIEs based on the outstanding ownership percentage in accordance with the underlying operating agreements, as amended. The Company has consolidated all identified variable interest entities for which the Company is the primary beneficiary in the accompanying consolidated financial statements.

The summarized assets and liabilities of the Company's consolidated VIEs in which the Company does not hold a majority interest are presented in the table below as of December 31 and include third-party assets and liabilities of the Company's VIEs only and exclude intercompany balances that were eliminated in consolidation.

	2024	2023
	(in thousands)	
Current assets:		
Cash	$ 420	$ 9,491
Accounts receivable, net	721	1,308
Inventories	901	8,341
Prepaid expenses	160	423
Other current assets	—	7
Total current assets	2,202	19,570
Property and equipment, net	1,228	28,068
Right of use asset - operating, net	—	2,744
Right of use asset - finance, net	—	259
Intangible assets, net	2,028	17,162
Other assets	355	140
Total assets	$ 5,813	$ 67,943
Current liabilities:		
Accounts payable and accrued liabilities	$ 371	$ 1,939
Income tax payable	—	2,017
Deferred revenue	—	2
Operating lease liability - current portion	—	63
Finance lease liability - current portion	—	60
Total current liabilities	371	4,081
Notes payable	—	885
Operating lease liability	—	2,926
Finance lease liability	—	210
Deferred tax liabilities	—	3,638
Other long-term liabilities	—	671
Total liabilities	$ 371	$ 12,411

Consolidated VIE Settlement Transaction

In 2024, the Company entered into a settlement agreement with the non-controlling interest holders of consolidated VIEs in Ohio in which the Company acquired the remaining ownership interest in dispensary businesses and agreed to provide funding and operational support for a cultivation and production business with new unrelated third parties.

The Company re-evaluated the VIEs after settlement and concluded that the Company continues to be the primary beneficiary of the cultivation and production business and there are no longer variable interests in the dispensary businesses as the Company increased its ownership to 100%. As a result, the Company accounted for this settlement as an equity transaction in accordance with *ASC 810-10*.

Redeemed Non-Controlling Interests

In 2024, the Company fully redeemed non-controlling interests and issued 1,787,372 Subordinate Voting Shares in a series of redemptions of non-controlling interests which increased the Company's ownership in the VIE from 46% as of December 31, 2023 to 100% as of December 31, 2024. The transactions were recorded as equity transactions as the Company increased its ownership in an already consolidated VIE without loss of control. The redemptions included a $3.0 million subscription fee and a net $1.9 million impact recorded to additional paid-in-capital on the consolidated balance sheets.

NOTE 18. RELATED PARTIES

In 2023 the Company entered into an agreement to rent an asset from an entity that is directly owned in part by the Company's Chief Executive Officer and Chair of the board of directors. The expense related to the use of this asset was $0.3 million and $0.2 million for the years ended December 31, 2024 and 2023, respectively, and recorded to general and administrative expenses on the consolidated statements of operations.

The Company leases a cultivation facility and corporate office facility from an entity that is indirectly owned by the Company's Chief Executive Officer and Chair of the board of directors, a former member of the Company's board of directors, and a member of the Company's board of directors.

The Company had the following related parties operating leases on the consolidated balance sheets, under ASC 842, as of December 31:

	2024	2023
	(in thousands)	
Right-of-use assets, net	$ 582	$ 706
Lease liabilities:		
Lease liabilities - current portion	$ 142	$ 127
Lease liabilities	482	624
Total related parties lease liabilities	$ 624	$ 751

Lease expense recognized on leases with related parties was $0.2 million, $0.2 million, and $0.2 million for the years ended December 31, 2024, 2023, and 2022, respectively and recorded to cost of goods sold and general and administrative expenses on the consolidated statements of operations.

NOTE 19. REVENUE DISAGGREGATION

Revenue is comprised of the following for the years ended December 31:

	2024	2023	2022
		(in thousands)	
Retail	$ 1,128,877	$ 1,083,545	$ 1,158,475
Wholesale and other	57,613	45,648	59,754
Total revenue	$ 1,186,490	$ 1,129,193	$ 1,218,229

NOTE 20. COMMITMENTS AND CONTINGENCIES

Operating Licenses

Although the possession, cultivation, and distribution of cannabis is permitted for medical and/or adult use in the states in which the Company operates, cannabis is a Schedule-I controlled substance and its use remains a violation of federal law. 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. In addition, the Company’s assets, including cash and cash equivalents, short-term investments, real property, equipment, and other goods, could be subject to asset forfeiture because cannabis is still federally illegal.

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 December 31, 2024, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company’s consolidated statements of operations. There are also no proceedings in which any of the Company’s directors, officers, or affiliates has a material interest adverse to the Company’s interest.

Contingencies

The Company records contingent liabilities with respect to litigation on various claims in which it believes a loss is probable and can be estimated. As of December 31, 2024, and 2023, $6.3 million and $4.2 million, respectively, was included in contingent liabilities on the consolidated balance sheets related to pending litigation.

An acquisition in 2021 included a contingency providing for an additional $5.0 million in consideration which is contingent on the enactment, adoption or approval of laws allowing for adult-use cannabis in Pennsylvania. No liability was recorded for this contingent consideration, as the estimated value of the liability was not significant at the time of acquisition or as of December 31, 2024 based on the likelihood of approval of laws allowing for adult-use cannabis in Pennsylvania.

NOTE 21. FINANCIAL INSTRUMENTS & FAIR VALUE MEASUREMENTS

Financial Instruments

The Company considers credit risk associated with its own standing as well as the credit standing of any counterparties involved in the valuation of its financial instruments. Concentrations of credit risk with respect to our cash and cash equivalents are limited primarily to amounts held with financial institutions in excess of federally insured limits.

Money Market Funds

Money market funds are included within cash and cash equivalents on the Company's consolidated balance sheets. Interest income from money market funds was $11.5 million, $4.8 million, and nominal for the years ended December 31, 2024, 2023 and 2022, respectively, which was recorded in interest income on the consolidated statements of operations.

Certificates of Deposit

The Company's certificates of deposit are included within short-term investments on the Company's consolidated balance sheets and are classified as held-to-maturity securities as the Company intends to hold until their maturity dates. The certificates of deposit carry interest rates of 5.3% with original maturity dates of six months and are scheduled to mature in January 2025. Interest income from certificates of deposit was $1.9 million for the year ended December 31, 2024, which was recorded in interest income on the consolidated statements of operations.

Interest Rate Swap

In 2022, the Company entered into an interest rate swap contract ("VNB Swap") for the purpose of hedging the variability of interest expense and interest payments on the Company's long-term variable rate debt. The VNB Swap was entered into in conjunction with four promissory term notes of a total corresponding amount. The four promissory term notes were priced at the SOFR, as defined in the agreement plus 3.00%, per annum. The VNB Swap effectively fixes the floating SOFR-based interest of the SOFR-based debt to 7.53% per annum until maturity on January 1, 2028.

The fair value of the interest rate swap liability is recorded in other long-term liabilities on the consolidated balance sheets. As of December 31, 2024 and 2023, the notional value was $68.4 million and $70.0 million, respectively.

Fair Value Measurements

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels, and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 – Observable inputs based on unadjusted quoted prices in active markets for identical assets or liabilities;

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

Level 3 – Unobservable inputs for which there is little or no market data requiring the Company to develop its own assumptions.

Recurring Fair Value Measurements

The fair values of financial instruments measured on a recurring basis by class are as follows as of December 31:

	Fair Value Hierarchy Level (1)	2024		2023	
Financial Assets:					
Money market funds (2)	Level 1	$	204,314	$	145,995
Certificates of deposit (3)	Level 1		60,393		—
Total financial assets		$	264,707	$	145,995
Financial Liabilities:					
Interest rate swap (4)	Level 2	$	1,011	$	2,341

(1) There were no transfers between hierarchy levels.

(2) As short-term, highly liquid investments readily convertible to known amounts of cash, their carrying values approximate fair value.

(3) They are valued using inputs based on industry standard data and due to their short maturities, their amortized cost approximates fair value.

(4) The fair value is based on a valuation model that utilizes interest rate yield curves and credit spreads observable in active markets as the significant inputs to the model.

Nonrecurring Fair Value Measurements

In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Company's assets and liabilities are subject to nonrecurring fair value measurements, such as property, goodwill, and intangible assets. If events or indicators occur that require an impairment assessment, impairment charges may be recorded to reduce the assets to fair value.

The Company recorded impairment charges related to assets moved to held for sale during the years December 31, 2024, 2023, and 2022 totaling $1.2 million, $3.8 million, $8.6 million, respectively, which was recorded to impairment and disposal of long-lived assets, net of (recoveries) on the consolidated statements of operations. The impairment charges were derived from the difference between the carrying value and the estimated fair value of the relevant asset, minus estimated selling costs. The fair value was estimated using an income capitalization approach with estimates and assumptions regarding the asset's future cash flows and return on investment (Level 3).

In June 2023, the Company identified one event as a risk indicator for goodwill impairment, which was a decline in the Company's share price negatively affecting the Company's market capitalization. The Company concluded the decline in stock price was a triggering event to perform an interim quantitative goodwill impairment test as of June 30, 2023, specific to the resulting market capitalization of the Company. As the sole risk to the value of goodwill was the stock price, the Company concluded it most appropriate to apply a market approach utilizing control premiums which were obtained from transactions of comparable publicly traded companies (Level 2) to calculate a reasonable control premium (Level 3). The Company applied the control premium to the Company's market capitalization to derive the fair value. The subsequent reconciliation between the single reporting unit's book value and the fair value indicated the fair value was less than the carrying value, resulting in a $307.6 million goodwill impairment.

Estimated Fair Values of Financial Instruments

The following table presents the carrying values and estimated fair values of the Company's financial instruments that are not accounted for at fair value in the consolidated balance sheets as of December 31. The table excludes cash and cash equivalents, restricted cash, accounts receivable, other receivables, accounts payable, and other payables as their carrying values approximate fair value due to their short maturities of less than one year (Level 1). The table also excludes notes payable with variable interest rates as their carrying value approximates fair value. This determination is based on the variable interest rates applied to the debt, which reflect current market conditions, or other observable inputs (Level 2). The Company's notes receivable are also excluded from the table below as the majority of the balance is due within one year;

therefore, the carrying value approximates fair value due to the short maturity.

		2024		2023	
	Fair Value Hierarchy Level	Carrying Value	Fair Value	Carrying Value	Fair Value
Liabilities					
Private placement notes [1] [2]	Level 2	$ 368,000	$ 366,660	$ 368,000	$ 310,549
Notes payable, fixed rate [1] [3]	Level 3	47,673	47,344	49,115	48,715

(1) Excludes any discount or issuance costs.

(2) The fair value was determined based on market rates at valuation.

(3) The fair value was determined using the discounted cash flow method.

NOTE 22. ACQUISITIONS

(a) Formula 420 Cannabis LLC

On December 22, 2022, the Company acquired 100% of the membership interests of Formula 420 Cannabis LLC ("Formula 420") the holder of an Arizona adult-use license that became operational in October 2022. The Company analyzed the acquisition under *ASC 805, Business Combinations* determining Formula 420 did not meet the definition of a business as substantially all of the fair value of the gross assets acquired are concentrated in a single identifiable asset. The Company had previously consolidated the entity as a VIE as it was determined the Company exercised control of the entity and was the primary beneficiary although it previously owned no equity interests due to a master service agreement. In accordance with Topic 810, *Consolidation*, the Company accounted for the change in a consolidated subsidiaries ownership interest as an equity transaction. Therefore, the total consideration was determined to be $5.5 million which consisted of a note payable, which was paid off in December 2023. Nominal transaction costs were incurred in relation to this acquisition.

(b) Greenhouse Wellness WV Dispensaries, LLC

On April 26, 2022, the Company acquired 100% of the membership interests of Greenhouse Wellness WV Dispensaries, LLC (“Greenhouse WV”), the holder of a West Virginia dispensary permit and a lease for a not yet operating dispensary location. The Company analyzed the acquisition under *ASC 805, Business Combinations*, determining Greenhouse WV did not meet the definition of a business as Greenhouse WV did not have inputs, processes, and outputs in place that constituted a business under Topic 805. As a result, the transaction has been accounted for as an asset acquisition whereby all of the assets acquired and liabilities assumed are assigned a carrying amount based on relative fair values. Total consideration was $0.3 million consisting of cash.

The following table summarizes the allocation of consideration exchanged for the estimated fair value of tangible and identifiable intangible assets acquired and liabilities assumed:

Consideration:	*(in thousands)*
Cash	$ 281
Fair value of consideration exchanged	$ 281
Recognized amounts of identifiable assets acquired and liabilities assumed:	
Right of use asset - operating	$ 170
Intangible asset	270
Favorable lease interest	11
Operating lease liabilities	(170)
Total net assets acquired	$ 281

The acquired intangible assets include a dispensary license which is treated as a definite-lived intangible asset amortized over a 15-year useful life and a favorable lease interest which was fully amortized in the period of acquisition due to useful life and materiality considerations.

(c) Watkins Cultivation Operation

On February 14, 2022, the Company acquired a cultivation operation from CP4 Group, LLC, in Phoenix, Arizona ("Watkins Cultivation Operation" or "Watkins"). The Company analyzed the acquisition under *ASC 805, Business Combinations*, determining Watkins met the definition of a business as Watkins is an existing cultivation facility with inputs, processes, and outputs in place that constitute a business under Topic 805. As a result, the acquisition of Watkins has been accounted for as a business combination. Goodwill represents the amount the Company paid over the fair value of the net identifiable tangible assets acquired. The primary reason for the acquisition was to expand the Company's cultivation capacity in Arizona. The goodwill of $24.5 million arising from the acquisition primarily consists of the economies of scale expected from a vertical cannabis market in Arizona. Total consideration was $27.5 million paid in cash. An additional $22.5 million was paid into escrow for four potential earnouts. The earnouts were based on the completion of certain milestones and contingent on the continued employment of the key employee shareholders ("Key Employees") of Watkins. As the earnouts were contingent on the continued employment of the Key Employees, any amounts earned are compensation for post-combination services.

The Company accrues the compensation cost for each earnout as it becomes probable and estimable and over the most probable period of continued employment required for the specific earnouts. During the year ended December 31, 2022, the Company concluded that attainment of any of the four potential earnouts was no longer probable or estimable and reversed all existing accruals.

The Company incurred $0.2 million of transaction costs related to the acquisition of Watkins. These costs were expensed as incurred and included in general and administrative expenses on the consolidated statements of operations for the quarter ended March 31, 2022. No additional transaction costs have been incurred.

The following table summarizes the allocation of consideration exchanged for the estimated fair value of tangible assets acquired and liabilities assumed:

Consideration	*(in thousands)*
Cash	$ 27,500
Fair value of consideration exchanged	$ 27,500
Recognized amounts of identifiable assets acquired and liabilities assumed:	
Inventories	$ 2,266
Property and equipment	692
Right of use asset - operating	4,737
Goodwill	24,542
Operating lease liability	(4,737)
Total net assets acquired	$ 27,500

NOTE 23. DISCONTINUED OPERATIONS

Discontinued operations consists of our exited operations in Massachusetts and Nevada. The assets and liabilities associated with discontinued operations consisted of the following as of December 31:

	2024	2023
	(in thousands)	
Assets associated with discontinued operations		
Cash	$ —	$ 301
Accounts receivable, net	—	841
Prepaid expenses	868	816
Other assets	1,980	2,010
Total assets associated with discontinued operations	$ 2,848	$ 3,968
Liabilities associated with discontinued operations		
Accounts payable and accrued liabilities	$ 86	$ 530
Operating lease liabilities - current portion	241	165
Finance lease liabilities - current portion	334	291
Construction finance liability - current portion	2,468	2,003
Operating lease liabilities	15,125	15,332
Finance lease liabilities	1,729	2,048
Construction finance liability	21,699	24,167
Other long-term liabilities	7	6
Total liabilities associated with discontinued operations	$ 41,689	$ 44,542

The following table summarizes the Company's net loss from discontinued operations for the years ended December 31. The gain and loss resulting from the forgiveness of intercompany payables was eliminated in consolidation.

	2024	2023	2022
		(in thousands)	
Revenue	$ —	$ 10,590	$ 24,634
Cost of goods sold	—	29,843	37,897
Gross margin	—	(19,253)	(13,263)
Expenses:			
Operating expenses	2,070	7,522	13,821
Impairment and disposal of long-lived assets, net	—	69,480	49,130
Total expenses	2,070	77,002	62,951
Loss from operations	(2,070)	(96,255)	(76,214)
Other (expense) income:			
Other expense, net [1]	(3,632)	(5,087)	(6,118)
Total other expense, net	(3,632)	(5,087)	(6,118)
Loss before provision for income taxes	(5,702)	(101,342)	(82,332)
Income tax benefit	—	(4,101)	(12,223)
Net loss from discontinued operations, net of taxes	(5,702)	(97,241)	(70,109)
Less: net loss attributable to non-controlling interest from discontinued operations	—	(1,193)	(2,669)
Net loss from discontinued operations excluding non-controlling interest	$ (5,702)	$ (96,048)	$ (67,440)

[1] Other expense, net primarily consists of interest expense on the construction finance liability and operating lease liabilities associated with our discontinued operations

The consolidated statements of cash flows includes continuing operations and discontinued operations. The following table summarizes the depreciation of long-lived assets, amortization of long-lived assets, loss on impairment of long-lived assets, and capital expenditures of discontinued operations for the prior years ended December 31 as the activity in 2024 was nominal:

	2023	2022
	(in thousands)	
Depreciation and amortization	$ 3,798	$ 10,787
Purchases of property and equipment	67	844
Loss on impairment and disposal of long-lived assets	69,480	49,130
Other noncash investing and financing activities		
Noncash partial extinguishment of construction finance liability	$ 18,486	$ —

As a result of the Company's exit from the Massachusetts market in the second quarter of 2023, the Company performed a lease term reassessment for the Massachusetts related failed sale-leaseback financing arrangement due to lease renewals previously included in the lease term being excluded as of the Massachusetts exit. The Company concluded the failed sale-leaseback accounting conclusion is maintained. The Company recognized a non-cash gain on partial extinguishment of $18.5 million as a result of the lease term reassessment, which was recorded to net loss from discontinued operations, net of taxes.

Future minimum lease payments for the construction finance liability associated with discontinued operations as of December 31, 2024, are as follows:

Year	*(in thousands)*
2025	$ 5,619
2026	5,788
2027	5,961
2028	6,140
2029	6,324
Thereafter	5,963
Total future payments	35,795
Less: Interest	(11,628)
Total present value of minimum payments	24,167
Construction finance liabilities - current portion	(2,468)
Construction finance liabilities	$ 21,699

During the year ended December 31, 2022, the Company exited Nevada and recorded a loss on disposal of operating right of use assets of $14.0 million, which was recorded in net loss from discontinued operations on the consolidated statements of operations.

Future minimum lease payments under non-cancellable leases associated with discontinued operations as of December 31, 2024 are as follows:

Year	Operating Leases	Finance Leases	Total Leases
		(in thousands)	
2025	$ 1,798	$ 509	$ 2,307
2026	1,859	476	2,335
2027	1,922	377	2,299
2028	1,979	389	2,368
2029	1,996	400	2,396
Thereafter	21,515	453	21,968
Total undiscounted lease liabilities	31,069	2,604	33,673
Less: Interest	(15,703)	(541)	(16,244)
Total present value of minimum lease payments	15,366	2,063	17,429
Lease liabilities - current portion	(241)	(334)	(575)
Lease liabilities	$ 15,125	$ 1,729	$ 16,854

NOTE 24. SUBSEQUENT EVENTS

The Company's management evaluates subsequent events through the date of issuance of the consolidated financial statements. There have been no subsequent events that occurred during such period that would require adjustment to or disclosure in the consolidated financial statements.