

TRULIEVE CANNABIS CORP.

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30,
2018 AND 2017**

(IN US DOLLARS)

TRULIEVE CANNABIS CORP.

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CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION
(Unaudited – Prepared by Management)
As at

		September 30,	December 31,
		2018	2017
		<i>(Unaudited)</i>	<i>(Audited)</i>
ASSETS			
Current Assets:			
Cash		\$ 42,137,751	\$ 1,407,059
Inventories	<i>Note 3</i>	7,875,580	2,254,313
Biological Assets	<i>Note 3</i>	33,740,687	9,738,300
Prepaid Expenses and Other Current Assets		<u>2,357,191</u>	<u>182,467</u>
Total Current Assets		86,111,209	13,582,139
Property and Equipment, Net	<i>Note 4</i>	52,985,443	19,287,725
Intangible Assets - Tradename		<u>1,000,000</u>	<u>1,000,000</u>
TOTAL ASSETS		<u>\$ 140,096,652</u>	<u>\$ 33,869,864</u>
LIABILITIES			
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities		\$ 7,792,654	\$ 4,045,447
Income Tax Payable		9,432,978	1,135,000
Deferred Revenue		553,665	14,773
Notes Payable - Current Portion	<i>Note 5</i>	4,000,000	-
Notes Payable - Related Party - Current Portion	<i>Note 6</i>	1,127,170	2,359,183
Capital Lease Obligations - Current Portion		<u>240,364</u>	<u>-</u>
Total Current Liabilities		23,146,831	7,554,403
Long-Term Liabilities:			
Notes Payable	<i>Note 5</i>	2,000,000	5,960,000
Notes Payable - Related Party	<i>Note 6</i>	12,760,630	6,142,607
Capital Lease Obligations		369,336	-
Other Long-Term Liabilities		488,096	-
Deferred Tax Liability		<u>9,340,000</u>	<u>3,091,000</u>
TOTAL LIABILITIES		48,104,893	22,748,010
SHAREHOLDERS' EQUITY			
Share Capital	<i>Note 7</i>	58,559,245	11,456,199
Warrants	<i>Note 7</i>	1,518,740	-
Accumulated Earnings/(Deficit)		<u>31,913,774</u>	<u>(334,345)</u>
TOTAL SHAREHOLDERS' EQUITY		<u>91,991,759</u>	<u>11,121,854</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>\$ 140,096,652</u>	<u>\$ 33,869,864</u>

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

Nature of Operations (*Note 1*)

Subsequent Events (*Note 9*)

Approved and authorized by the Board of Directors on November 16, 2018

"Kim Rivers"

 Director

"Ben Atkins"

 Director

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Unaudited – Prepared by Management)**

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Revenues, Net of Discounts	\$ 28,325,604	\$ 3,374,718	\$ 66,871,174	\$ 6,537,540
Cost of Goods Sold, Net	<u>8,342,259</u>	<u>2,067,304</u>	<u>19,056,835</u>	<u>3,998,082</u>
Gross Profit before Biological Asset Adjustment	19,983,345	1,307,414	47,814,339	2,539,458
Net Effect of Change in Fair Value of Biological Assets <i>Note 3</i>	<u>15,769,753</u>	<u>2,304,960</u>	<u>24,002,387</u>	<u>8,597,317</u>
Gross Profit	<u>35,753,098</u>	<u>3,612,374</u>	<u>71,816,726</u>	<u>11,136,775</u>
Expenses:				
General and Administrative	1,511,673	247,304	3,357,503	498,753
Sales and Marketing	6,529,674	1,965,554	15,386,804	3,698,563
Depreciation and Amortization	<u>300,262</u>	<u>81,033</u>	<u>647,425</u>	<u>140,143</u>
Total Expenses	<u>8,341,609</u>	<u>2,293,891</u>	<u>19,391,732</u>	<u>4,337,459</u>
Income From Operations	<u>27,411,489</u>	<u>1,318,483</u>	<u>52,424,994</u>	<u>6,799,316</u>
Other Income (Expense):				
Interest Expense, Net	(372,936)	(245,645)	(1,492,274)	(519,155)
RTO Expense <i>Note 8</i>	(1,387,423)	-	(1,387,423)	-
Loss on Debt Settled with Equity	-	-	-	(768,639)
Other Income, Net	<u>4,115</u>	<u>210</u>	<u>20,572</u>	<u>1,356</u>
Total Other Expense	<u>(1,756,244)</u>	<u>(245,435)</u>	<u>(2,859,125)</u>	<u>(1,286,438)</u>
Income Before Provision for Income Taxes	<u>25,655,245</u>	<u>1,073,048</u>	<u>49,565,869</u>	<u>5,512,878</u>
Provision For Income Taxes	<u>8,153,553</u>	<u>610,814</u>	<u>17,317,750</u>	<u>2,278,289</u>
Net Income	<u>\$ 17,501,692</u>	<u>\$ 462,234</u>	<u>\$ 32,248,119</u>	<u>\$ 3,234,589</u>
Basic Net Income per Common Share	<u>\$ 0.18</u>		<u>\$ 0.33</u>	
Diluted Net Income per Common Share	<u>\$ 0.18</u>		<u>\$ 0.32</u>	
Weighted average number of common shares used in computing net income per common share:				
Basic	<u>99,299,125</u>		<u>98,891,726</u>	
Diluted	<u>99,834,571</u>		<u>99,427,172</u>	

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

TRULIEVE CANNABIS CORP
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Unaudited – Prepared by Management)**

	<u>Number of Shares</u>	<u>Share Capital</u>	<u>Warrants</u>	<u>Accumulated Earnings (Deficit)</u>	<u>Total</u>
Balance, January 1, 2017	75,000,000	\$ 3,847,101	\$ -	\$ (3,907,195)	\$ (60,094)
Cash Contributions from Shareholders	-	1,592,148	-	-	1,592,148
Additional Contribution from the Issuance of Below Market Interest Debt	-	105,104	-	-	105,104
Settlement of Note Payable with Shares	4,933,500	1,217,030	-	-	1,217,030
Net Income	-	-	-	3,234,589	3,234,589
Balance, September 30, 2017	<u>79,933,500</u>	<u>\$ 6,761,383</u>	<u>\$ -</u>	<u>\$ (672,606)</u>	<u>\$ 6,088,777</u>
Balance, January 1, 2018	98,683,500	\$ 11,456,199	\$ -	\$ (334,345)	\$ 11,121,854
Issuance of Common Stock as Debt Discount	-	200,000	-	-	200,000
Additional Contribution from the Issuance of Below Market Interest Debt	-	27,843	-	-	27,843
Issuance of Shares for Schyan Transaction <i>Note 8</i>	200,000	927,000	-	-	927,000
Issuance of Shares Subscription Receipt Offering, Net <i>Note 7</i>	10,927,500	45,948,203	1,518,740	-	47,466,943
Net Income	-	-	-	32,248,119	32,248,119
Balance, September 30, 2018	<u>109,811,000</u>	<u>\$ 58,559,245</u>	<u>\$ 1,518,740</u>	<u>\$ 31,913,774</u>	<u>\$ 91,991,759</u>

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

TRULIEVE CANNABIS CORP**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Unaudited – Prepared by Management)**

	<u>September 30, 2018</u>	<u>September 30, 2017</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income	\$ 32,248,119	\$ 3,234,589
Adjustments to Reconcile Net Income to Net Cash Provided by (Used In) Operating Activities:		
Depreciation	1,901,858	330,563
Non-Cash Interest Expense	212,537	374,185
Gain from Sale of Property and Equipment	(1,199)	-
Non-Cash Loss on Debt Settled with Equity	-	768,639
Changes in Operating Assets and Liabilities:		
Inventories	(5,621,267)	(1,507,636)
Biological Assets	(24,002,387)	(8,597,317)
Prepaid Expenses and Other Current Assets	(2,174,724)	(215,045)
Deferred Tax Assets/Liabilities	6,249,000	2,075,288
Accounts Payable and Accrued Liabilities	(952,120)	1,096,198
Other Long-Term Liabilities	488,096	-
Due to Related Party	-	(234,000)
Income Tax Payable	8,297,978	235,000
Deferred Revenue	538,892	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>17,184,783</u>	<u>(2,439,536)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(27,362,089)	(4,595,947)
Proceeds from Sale of Property and Equipment	1,199	-
NET CASH USED IN INVESTING ACTIVITIES	<u>(27,360,890)</u>	<u>(4,595,947)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issuance of Notes Payable	6,040,000	4,000,000
Proceeds from Issuance of Notes Payable - Related Party	11,156,614	1,307,022
Payments on Notes Payable	(6,000,000)	-
Payments on Notes Payable - Related Party	(8,374,998)	-
Payments on Capital Lease Obligations	(308,760)	-
Proceeds from Issuance of Shares for Subscription Receipt Offering, Net	47,466,943	-
Proceeds from Issuance of Shares for Schyan Transaction	927,000	-
Proceeds from Additional Cash Contributions	-	1,592,148
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>50,906,799</u>	<u>6,899,170</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	40,730,692	(136,313)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>1,407,059</u>	<u>136,313</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 42,137,751</u>	<u>\$ -</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
CASH PAID DURING THE YEAR FOR		
Interest	\$ 2,249,521	\$ 226,378
Taxes	<u>\$ 2,195,000</u>	<u>\$ -</u>

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

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(Unaudited – Prepared by Management)**

	September 30, 2018	September 30, 2017
OTHER NONCASH INVESTING AND FINANCING ACTIVITIES		
Purchase of Property and Equipment Financed with Notes Payable - Related Party	\$ 2,619,700	\$ 1,790,334
Issuance of warrants	\$ 1,518,740	\$ -
Purchase of Property and Equipment Financed with Accounts Payable	\$ 4,699,327	\$ -
Property and Equipment Acquired via Capital Leases	\$ 918,460	\$ -
Transfer of Shares Treated as a Debt Discount	\$ 200,000	\$ -
Settlement of Noyes Payable - Related Party with Shares	\$ -	\$ 448,391
Debt Discount Related to Below Market Interest Debt	\$ 27,843	\$ 105,104

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

(Unaudited – Prepared by Management)**1. DESCRIPTION OF BUSINESS**

Trulieve Cannabis Corp. (“Trulieve” or the “Company”) was incorporated in British Columbia, Canada. Trulieve (through its wholly-owned licensed subsidiary, Trulieve, Inc.) is a vertically integrated cannabis company and is licensed under the laws of the State of Florida to cultivate, produce, and sell medicinal-use cannabis products within such state.

In July 2018, Trulieve, Inc. entered into a non-binding letter agreement (“Letter Agreement”) with Schyan Exploration Inc. (“Schyan”) whereby Trulieve, Inc. and Schyan have agreed to merge their respective businesses resulting in a reverse takeover of Schyan by Trulieve, Inc. and change the business of Schyan from a mining issuer to a marijuana issuer (the “Transaction”). The Transaction was completed in August 2018 and Schyan changed its name to Trulieve Cannabis Corp. Please see Note 8 for further details.

The Company’s registered office is located at Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C.

The Company listed on the Canadian Securities Exchange (the “CSE”) and began trading on September 24, 2018 under the ticker symbol “TRUL”.

2. BASIS OF PRESENTATION**Statement of Compliance**

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 – *Interim Financial Reporting*, following the same accounting policies and methods of application as those disclosed in the annual audited financial statements for the years ended December 31, 2017 and 2016. The unaudited condensed consolidated interim financial statements should be read in conjunction with the annual financial statements of the Company for the years ended December 31, 2017 and 2016, which have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”). There has been no material impact on these unaudited condensed consolidated interim financial statements from changes in accounting standards during the period except for the adoption of new standards effective as of January 1, 2018.

These unaudited condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue by the Board of Directors on November 16, 2018.

Basis of Measurement

These unaudited condensed consolidated interim financial statements have been prepared on the going concern basis, under the historical cost convention except for biological assets and certain financial instruments, which are measured at fair value. Historical cost is generally based upon the fair value of the consideration given in exchange for assets.

Functional Currency

The Company’s functional currency, as determined by management, is the United States (“U.S.”) dollar. These financial statements are presented in U.S. dollars.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 and 2017**

(Unaudited – Prepared by Management)

2. BASIS OF PRESENTATION (CONTINUED)
Basis of Consolidation

These unaudited condensed consolidated interim financial statements include the financial information of the Company and its subsidiary, Trulieve, Inc. The accounts of the subsidiary are prepared for the same reporting period using consistent accounting policies. Intercompany transactions, balances and unrealized gains or losses on transactions are eliminated.

Significant Accounting Judgments, Estimates, and Assumptions

The preparation of these unaudited condensed interim consolidated financial statements requires the use of certain critical accounting estimates, which requires management to exercise judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these unaudited condensed consolidated interim financial statements have been set out in Note 3 of the audited financial statements for the year ended December 31, 2017.

Revenue Recognition

The IASB's new revenue recognition standard IFRS 15 – Revenue from Contracts with Customers (IFRS 15) was adopted by the Company on January 1, 2018. The new standard replaces IAS 18 – Revenue and provides for a single model that applies to all contracts with customers with two types of recognition: at a point in time or over time. The Company has applied IFRS 15 retrospectively and determined that there is no change to the comparative periods or transitional adjustments required as a result of adoption. The Company's accounting policy for revenue recognition under IFRS 15 is as follows:

1. Identify the contract with a customer
2. Identify the performance obligation(s)
3. Determine the transaction price
4. Allocate the transaction price to the performance obligation(s)
5. Recognize revenue when/as performance obligation(s) are satisfied

Revenue from the direct sale of cannabis to customers for a fixed price is recognized when the Company transfers control of the goods to the customer.

3. BIOLOGICAL ASSETS AND INVENTORIES

The change in the biological assets for the nine months ended September 30, 2018 and the year ended December 31, 2017 consisted of the following:

	September 30, 2018	December 31, 2017
Beginning balance	\$ 9,738,300	\$ -
Net change in fair value less costs to sell due to biological transformation	82,858,835	22,391,058
Transferred to inventory upon harvest	<u>(58,856,448)</u>	<u>(12,652,758)</u>
Ending balance	<u>\$ 33,740,687</u>	<u>\$ 9,738,300</u>

3. BIOLOGICAL ASSETS AND INVENTORIES (CONTINUED)

The Company values its biological assets at the end of each reporting at fair value less costs to sell and complete. This is determined using a valuation model to estimate the expected harvest yield per plant applied to the estimated price per gram less processing and selling costs. This model considers the progress in the plant life cycle.

The significant assumptions used in determining the fair value of medical cannabis plants are as follows:

- wastage of plants based on their various stages;
- yield by strain of plant;
- percentage of costs incurred to date compared to the total costs to be incurred are used to estimate the fair value of an in-process plant; and
- percentage of costs incurred for each stage of plant growth was estimated.

On average, the grow cycle is 14 weeks after they become established vegetative plants. All of the plants are to be harvested as agricultural produce (i.e., medical cannabis.) The Company measures the yield of cannabis in active grams extracted from a cohort of 64 plants. A cohort produces approximately 2,000 active grams.

Management has quantified the sensitivity of the inputs in relation to the biological assets at September 30, 2018 and December 31, 2017, and determined the following:

- Selling price per active gram – a decrease in the selling price per active gram by 5% would result in the biological asset value decreasing by approximately \$2,130,000 (\$992,000 at December 31, 2017).
- Harvest of active yield per cohort – a decrease in the harvest of active grams per cohort of 5% would result in the biological asset value decreasing by approximately \$2,443,000 (\$1,322,415 at December 31, 2017).

These inputs are level 3 on the fair value hierarchy and are subject to volatility and several uncontrollable factors, which could significantly affect the fair value of biological assets in future periods.

As of September 30, 2018, the biological assets were on average, 65% (67% as of December 31, 2017) complete, with an estimated fair value less costs to sell of approximately \$87.40 per active gram (\$62.00 per active gram as of December 31, 2017) and will ultimately yield approximately 386,048 grams for \$38,234,000 (\$19,836,000 as of December 31, 2017) of cannabis products.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 and 2017
(Unaudited – Prepared by Management)

3. **BIOLOGICAL ASSETS AND INVENTORIES (CONTINUED)**

Inventories was comprised of the following items:

	September 30, 2018	December 31, 2017
	<u> </u>	<u> </u>
Raw Material		
Harvested Cannabis	\$ 575,702	\$ 109,488
Packaging and miscellaneous	1,872,370	211,297
	<u> </u>	<u> </u>
Total Raw Material	2,448,072	320,785
Work in Process	2,171,438	860,310
Finished Goods	<u>3,256,070</u>	<u>1,073,218</u>
Total Inventories	<u><u>\$ 7,875,580</u></u>	<u><u>\$ 2,254,313</u></u>

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 and 2017**
(Unaudited – Prepared by Management)
4. PROPERTY, PLANT AND EQUIPMENT

At September 30, 2018 and December 31, 2017, Property, Plant and Equipment consisted of:

	Land	Buildings & Improvements	Construction in Progress	Furniture & Equipment	Vehicles	Total
<u>Cost</u>						
At December 31, 2017	\$ 300,000	\$ 12,070,729	\$ 3,060,224	\$ 4,170,931	\$ 357,050	\$ 19,958,934
Additions	2,026,371	13,952,816	8,286,078	12,684,941	923,946	37,874,152
Transfers & disposals	-	(130,615)	(1,379,152)	(689,622)	(75,187)	(2,274,576)
At September 30, 2018	2,326,371	25,892,930	9,967,150	16,166,250	1,205,809	55,558,510
<u>Accumulated Depreciation</u>						
At December 31, 2017	\$ -	\$ 392,976	\$ -	\$ 226,402	\$ 51,831	\$ 671,209
Additions	-	911,279	-	766,098	224,481	1,901,858
Transfers & disposals	-	-	-	-	-	-
At September 30, 2018	-	1,304,255	-	992,500	276,312	2,573,067
<u>Net book value</u>						
At December 31, 2017	\$ 300,000	\$ 11,677,753	\$ 3,060,224	\$ 3,944,529	\$ 305,219	\$ 19,287,725
At September 30, 2018	\$ 2,326,371	\$ 24,588,675	\$ 9,967,150	\$ 15,173,750	\$ 929,497	\$ 52,985,443

For the three and nine months ended September 30, 2018, the Company capitalized interest of \$613,826 and \$861,178, respectively. The Company did not capitalize any interest in either of the three or nine months ended September 30, 2017.

For the three months ended September 30, 2018 and 2017, depreciation expense of \$631,624 and \$190,420, respectively, were considered as part of costs of goods sold. For the nine months ended September 30, 2018 and 2017, depreciation expense of \$1,254,433 and \$190,420, respectively, were considered as part of costs of goods sold.

**NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 and 2017**
(Unaudited – Prepared by Management)
5. NOTES PAYABLE

At September 30, 2018 and December 31, 2017 notes payable consisted of the following:

	September 30, 2018	December 31, 2017
Promissory note dated April 10, 2017, with annual interest at 12%, due between April and July 2019.	\$ 4,000,000	\$ 3,960,000
Promissory note dated December 7, 2017, with annual interest at 12%, secured by certain property located in Miami, FL, due December 2021.	2,000,000	2,000,000
Less current portion	<u>(4,000,000)</u>	<u>-</u>
	<u>\$ 2,000,000</u>	<u>\$ 5,960,000</u>

In January 2018, the Company entered into a \$6,000,000 promissory note with a 24-month maturity and 12% annual interest rate. The Company shall make monthly interest payments to the lender and all outstanding principal and any unpaid accrued interest shall be due and payable in full on maturity. If the Company goes public on any foreign or domestic exchange, this promissory note will be due within 90 days of the initial public offering. The Company did go public and in September 2018 the note was paid in full. In conjunction with the closing of the promissory note, shareholders agreed to dilute their ownership by 1% and transfer shares to certain individuals, subject to approval by the state of Florida's Department of Health (DOH), as a cost of raising the funds. Approval was received by the DOH in March 2018 and the Company treated that dilution of shares as an additional debt discount. In conjunction with the close of the private placement, see Note 7, the promissory note was repaid and the outstanding debt discount was written off.

6. NOTES PAYABLE RELATED PARTY

At September 30, 2018 and December 31, 2017 notes payable to related parties consisted of the following:

	September 30, 2018	December 31, 2017
Notes payable due to related parties, with varying interest rates between 0% to 12% annual, with varying maturity dates.	\$ 14,041,996	\$ 8,730,563
Less debt discount	(154,196)	(228,773)
Less current portion	<u>(1,127,170)</u>	<u>(2,359,183)</u>
	<u>\$ 12,760,630</u>	<u>\$ 6,142,607</u>

6. NOTES PAYABLE RELATED PARTY (Continued)

In March 2018, the Company entered into a 24-month loan with an 8% annual interest rate with a related party for \$158,900. The loan was funded in April 2018. The Company determined that the stated interest rate was below market rates and recorded a debt discount of \$6,232.

In April 2018, the Company entered into a \$6,000,000 promissory note with a 24-month maturity and 12% annual interest rate. Approximately \$1,500,000 of the outstanding balance of C2C lines of credit was credited as part of the funding of this promissory note. The Company shall make monthly interest payments to the lender and all outstanding principal and any unpaid accrued interest shall be due and payable in full on maturity. If the Company goes public on any foreign or domestic exchange, this promissory note will be due within 90 days of the initial public offering. The Company did go public and in September 2018 the note was paid in full. In conjunction with the closing of the promissory note, shareholders agreed to dilute their ownership by 1% and transfer shares to certain individuals, subject to approval by DOH, as a cost of raising the funds. Approval was received by the DOH in June 2018 and the Company treated that dilution of shares as an additional debt discount of \$50,000. In conjunction with the close of the private placement, see Note 7, the promissory note was repaid and the outstanding debt discount was written off.

In May 2018, the Company entered into two separate promissory notes for a total of \$12,000,000. Each promissory note has a 24-month maturity and 12% annual interest rate. For one of the promissory notes certain notes payable from related parties and the transfer of title of one of the Company's facilities were credited as part of the funding and the Company received net cash of approximately \$650,000. The other promissory note provided approximately \$6,000,000 in additional capital to the Company. In conjunction with the closing of the promissory notes, shareholders agreed to dilute their ownership by 1% and transfer shares to certain individuals, subject to approval by DOH, as a cost of raising the funds. Approval was received by the DOH in June 2018 and the Company treated that dilution as an additional debt discount of \$50,000 per note.

In June 2018, the Company entered into a 36-month loan with an 8% annual interest rate with a related party for \$262,010. The Company determined that the stated interest rate was below market rates and recorded a debt discount of \$14,814.

7. SHARE CAPITAL

On August 27, 2018, in connection with the Transaction, the Company completed a brokered private placement (the "SR Offering") of 10,927,500 subscription receipts for gross proceeds of \$50,625,000, which after transaction costs resulted in net proceeds of \$47,466,943.

Following the completion of the Transaction, Each Multiple Voting Share, including those issued upon conversion of the Super Voting Shares, is convertible into 100 Subordinate Voting Shares at the option of the holder or upon certain triggering events. Unless otherwise noted, impacted amounts and share information included in the financial statements and notes thereto have been retroactively adjusted for the conversion as if such conversion occurred on the first day of the first period presented.

(Unaudited – Prepared by Management)

7. SHARE CAPITAL (CONTINUED)

In connection with the SR Offering, Trulieve paid a cash fee to the Agents equal to 6.0% of the gross proceeds of the SR Offering, provided that the cash fee payable to the Agents was reduced to 3.0% in respect of sales to subscribers on a president’s list. As additional consideration, the Agents were granted an aggregate of 535,446 broker warrants (the “Broker Warrants”) on closing of the SR Offering. Each Broker Warrant is exercisable at any time prior to the date that is 24 months following the date the Escrow Release Conditions are satisfied to acquire one Trulieve Share at the SR Offering Price, see Note 9.

On September 11, 2018, Trulieve approved a reclassification of the issued and outstanding share capital of Trulieve whereby each issued and outstanding Trulieve Share will be split and became 150 Trulieve Shares. Unless otherwise noted, impacted amounts and share information included in the financial statements and notes thereto have been retroactively adjusted for the stock split as if such stock split occurred on the first day of the first period presented.

8. TRANSACTION

In accordance with IFRS 3, the substance of the Transaction was a reverse takeover of a non-operating company. The Transaction does not constitute a business combination since Schyan does not meet the definition of a business under IFRS 3. As a result, the transaction is accounted for as an asset acquisition.

In consideration for the acquisition of Schyan, Trulieve issued 200,000 shares of Trulieve common stock representing \$927,000 total value based on the concurrent financing subscription price of \$4.6328 (See Note 7 for more details). This represents an effective exchange ratio for Schyan shares of 0.01235 to 1. The excess of the purchase price over net assets acquired was charged to the statements of operations as RTO expense. Schyan equity was eliminated.

There were no identifiable assets of Schyan on the date of acquisition. The acquisition cost has been allocated as follows:

Fair value of 200,000 shares issued	\$ 927,000
Transaction costs	460,423
Total purchase price	\$ 1,387,423
<hr/>	
Total net assets acquired	\$ -
Listing Expense	1,387,423
Total purchase price	\$ 1,387,423

9. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through November 16, 2018, which is the date these financial statements were approved by the Board of Directors.

In October 2018, 321,268 broker warrants were exercised for proceeds of \$1,489,000.

(Unaudited – Prepared by Management)**9. SUBSEQUENT EVENTS (CONTINUED)**

In November 2018, the Company entered into an agreement to acquire all of the issued and outstanding stock of Life Essence, Inc. for an approximate purchase price of \$4.1 million, which includes \$3.9 million to be paid over time upon specific locations being approved by the state of Massachusetts. The acquisition will be financed with cash on hand. This acquisition is expected to close within 60-90 days when certain regulatory approvals are received.

In November 2018, the Company entered into an agreement to acquire all of the issued and outstanding membership interests of Leef Industries, LLC for an approximate purchase price of \$4.0 million. The acquisition will be financed with cash on hand. This acquisition is expected to close within 30-60 days when certain regulatory approvals are received.