



Trulieve

**Trulieve Cannabis Corp.**

**Annual Information Form**

**For the year ended December 31, 2019**

Dated April 7, 2020

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## DATE, CURRENCY AND OTHER INFORMATION

In this annual information form ("**AIF**" or "**Annual Information Form**"), unless the context otherwise requires, the "**Corporation**" or "**Trulieve**" refers to Trulieve Cannabis Corp. together with its material subsidiaries. Trulieve has five material subsidiaries, being Trulieve, Inc. ("**Trulieve US**"), Leef Industries, Inc. ("**Leaf Industries**"), Life Essence, Inc. ("**Life Essence**"), Trulieve Holdings, Inc. ("**Trulieve Holdings**"), and Trulieve Bristol, Inc. (formerly The Healing Corner, Inc. and referred to herein as "**Healing Corner**"). Trulieve US, Life Essence, Trulieve Holdings and Healing Corner are wholly owned (directly or indirectly) by Trulieve. Trulieve currently holds 99% of the issued and outstanding membership interests in Leef Industries and is proposing to acquire the balance of the issued and outstanding membership interests upon receipt of final regulatory approval from the State of California. References to "**Schyan**" refer to the Corporation prior to completion of the Transaction (as defined herein).

This AIF applies to the business activities and operations of the Corporation for the year ended December 31, 2019, as updated to April 7, 2019. Unless otherwise indicated, the information in this AIF is given as of the date hereof.

Unless otherwise indicated, all references to "\$" or "US\$" in this AIF refer to United States dollars and all references to "C\$" in this AIF refer to Canadian dollars.

This AIF includes market and industry data that has been obtained from third party sources, including industry publications. Trulieve believes that the industry data is accurate and that its estimates and assumptions are reasonable, but there can be no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, Trulieve has not independently verified any of the data from third-party sources referred to in this AIF or ascertained the underlying economic assumptions relied upon by such sources.

Terms not otherwise defined in the AIF have the meaning provided in the "**Glossary**" which is included as Appendix "A" to this AIF.

## CAUTIONARY STATEMENT REGARDING FORWARD LOOKING INFORMATION

*This AIF contains certain "forward-looking statements" and certain "forward-looking information" as defined under applicable United States securities laws and Canadian securities laws. All statements, other than statements of historical fact, made by the Corporation that address activities, events or developments that the Corporation expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as at the date they are made and are based on information currently available and on the then current expectations of the party making the statement and assumptions concerning future events, which are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to: the performance of the Corporation's business and operations; the receipt and/or maintenance by the Corporation of required licenses and permits in a timely manner or at all; the intention to grow the business and operations of the Corporation; the expected growth in the number of the people using medical and/or adult use cannabis products; expectations of market size and growth in the United States; the competitive conditions and increasing competition of the cannabis industry; applicable laws, regulations and any amendments thereof; the competitive and business strategies of the Corporation; the Corporation's operations in the United States, the characterization and consequences of those operations under federal United States law, and the framework for the enforcement of medical and adult use cannabis and cannabis-related offenses in the United States; the completion of additional cultivation and production facilities; the*

*general economic, financial market, regulatory and political conditions in which the Corporation operates; the United States regulatory landscape and enforcement related to cannabis, including political risks; anti-money laundering laws and regulation; other governmental and environmental regulation; public opinion and perception of the cannabis industry; United States border entry; heightened scrutiny of cannabis companies in Canada and the United States; the enforceability of contracts; reliance on the expertise and judgment of senior management of the Corporation; proprietary intellectual property and potential infringement by third parties; the concentrated voting control of the Corporation by certain shareholders of the Corporation and the unpredictability caused by the capital structure; the management of growth; risks inherent in an agricultural business; risks relating to energy costs; risks associated to cannabis products manufactured for human consumption including potential product recalls; reliance on key inputs, suppliers and skilled labor; cybersecurity risks; ability and constraints on marketing products; fraudulent activity by employees, contractors and consultants; tax and insurance related risks; risk of litigation; conflicts of interest; risks relating to certain remedies being limited and the difficulty of enforcement of judgments and effect service outside of Canada; security risks; risks related to future acquisitions or dispositions; sales by existing shareholders; limited research and data relating to cannabis; the medical benefits, viability, safety, efficacy and social acceptance of cannabis; the availability of financing opportunities, the ability to make payments on existing indebtedness; risks associated with economic, political and social conditions; risks related to contagious disease, particularly COVID-19 (Coronavirus); dependence on management; and other risks described in this AIF and described from time to time in documents filed by the Corporation with Canadian securities regulatory authorities.*

*The forward-looking statements contained herein are based on certain key expectations and assumptions, including, but not limited to, with respect to expectations and assumptions concerning: (i) receipt and/or maintenance of required licenses and third party consents; and (ii) the success of the operations of the Corporation, are based on estimates prepared by the Corporation using data from publicly available governmental sources, as well as from market research and industry analysis, and on assumptions based on data and knowledge of this industry which the Corporation believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While the Corporation is not aware of any misstatement regarding any industry or government data presented herein, the current marijuana industry involves risks and uncertainties and are subject to change based on various factors. Although the Corporation believes that the expectations and assumptions on which such forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements, because no assurance can be given that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. These include, but are not limited to, the risks described above and other factors beyond the Corporation's control, as more particularly described under the heading "Risk Factors" in this AIF. Consequently, all forward-looking statements made in this AIF are qualified by such cautionary statements and there can be no assurance that the anticipated results or developments will actually be realized or, even if realized, that they will have the expected consequences to or effects on the Corporation. The cautionary statements contained or referred to in this AIF should be considered in connection with any subsequent written or oral forward-looking statements that the Corporation and/or persons acting on its behalf may issue. The Corporation does not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by law.*

## **CORPORATE STRUCTURE**

### **Name, Address and Incorporation**

The Corporation was incorporated under the *Business Corporations Act* (Ontario) on September 17, 1940. The Corporation changed its name from "Bandolac Mining Corporation" to "Schyan Exploration Inc. / Exploration Schyan Inc." on October 29, 2008.

On September 19, 2018, in connection with the Transaction (as defined below), the Corporation filed Articles of Amendment under the *Business Corporations Act* (Ontario) to (i) effect the name change from

“Schyan Exploration Inc. / Exploration Schyan Inc.” to “Trulieve Cannabis Corp.”, (ii) re-designate all of the then issued and outstanding common shares of the Corporation into Subordinate Voting Shares (as defined below), on the basis that each one issued and outstanding common share was re-designated into one Subordinate Voting Share, and (iii) increase the authorized capital of the Corporation by creating two new classes of shares, an unlimited number of Super Voting Shares (as defined below) and an unlimited number of Multiple Voting Shares(as defined below).

On September 19, 2018, in connection with the Transaction, the Corporation continued into the Province of British Columbia as a corporation under the *Business Corporations Act* (British Columbia) and consolidated its issued and outstanding Subordinate Voting Shares on the basis of one post-consolidation share for every 80.94486 pre-consolidation shares.

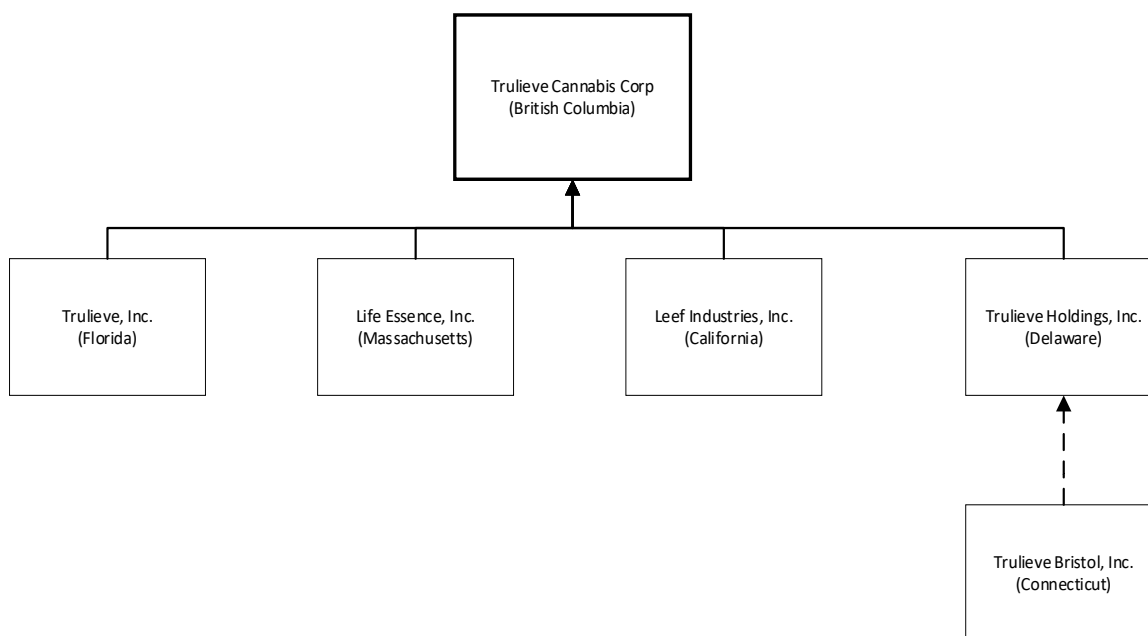
On September 21, 2018, the Corporation completed the Transaction and acquired all of the securities of Trulieve US by way of a plan of merger. Pursuant to the Transaction, a wholly owned subsidiary of the Corporation created to effect the Transaction merged with and into Trulieve US and Trulieve US became a wholly-owned subsidiary of the Corporation. In addition and in connection with the Transaction, 10,927,500 issued and outstanding subscription receipts of Trulieve US were exchanged for 10,927,500 Subordinate Voting Shares of the Corporation (3,573,450 of which Subordinate Voting Shares were immediately converted into 35,734.50 Multiple Voting Shares), 548,446 broker warrants of Trulieve US were exchanged for 548,446 broker warrants to purchase Subordinate Voting Shares of the Corporation at an exercise price of \$6.00 until September 21, 2020, and 8,784,872 compensation warrants of Trulieve US were exchanged for 8,784,872 compensation warrants to purchase Subordinate Voting Shares of the Corporation at an exercise price of \$6.00 until September 21, 2021. As a result of the Transaction, the Corporation met the CSE listing requirements and the Subordinate Voting Shares commenced trading on the Canadian Securities Exchange (the “CSE”) under the symbol “TRUL” on September 25, 2018.

The registered office of the Corporation is located at 2800 Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7. The head office is located at 6749 Ben Bostic Road, Quincy, Florida, 32351.

### **Inter-Corporate Relationships**

Trulieve has five material subsidiaries, being Trulieve US, Leef Industries, Life Essence, Trulieve Holdings and Healing Corner. Trulieve US, Life Essence, Trulieve Holdings and Healing Corner are wholly-owned (directly or indirectly) by Trulieve. Trulieve currently holds 99% of the issued and outstanding membership interests in Leef Industries and is proposing to acquire the balance of the issued and outstanding membership interests upon receipt of final regulatory approval from the State of California, as contemplated in the definitive agreement of purchase and sale in respect of Leef Industries dated November 8, 2018.

The following chart illustrates, as of the date hereof, the material subsidiaries of the Corporation’s corporate structure including details of the jurisdiction of formation of each subsidiary as of the date of this AIF.



Notes:

- (1) The board of directors and executive officers of Trulieve US is the same as Trulieve.
- (2) The board of directors and executive officers of Leef Industries, Life Essence, Trulieve Holdings and Healing Corner are: Kim Rivers (director and president) and Eric Powers (director and secretary/treasurer).

## GENERAL DEVELOPMENT OF THE BUSINESS

### Business of Schyan

The Corporation (formerly Schyan) had no active business operations leading up to completion of the Transaction. In connection with the Transaction, the Corporation disposed of a mineral exploration property eight kilometers north east of the town of Cadillac, Quebec.

### The Transaction

On September 11, 2018, Trulieve US, Schyan Sub, Inc., a wholly-owned subsidiary of the Corporation formed to complete the Transaction (“**Subco**”), and the Corporation entered into a merger agreement to effect a reverse merger under Florida law whereby Trulieve US and Subco merged, and Trulieve US became a wholly-owned subsidiary of the Corporation (the “**Transaction**”).

At the annual and special meeting of the Schyan shareholders held on August 15, 2018 and in connection with the Transaction, the Corporation received approval to continue into the jurisdiction of British Columbia. The Corporation filed articles of continuance pursuant to the *Business Corporations Act* (British Columbia) and completed the continuance on September 19, 2018 (the “**Continuance**”). The Corporation filed articles of amendment on September 19, 2018 for the amendment to the articles of the Corporation providing for the re-designation of the common shares of the Corporation as subordinate voting shares (“**Subordinate Voting Shares**”) and to create a class of multiple voting shares (“**Multiple Voting Shares**”) and super voting shares (“**Super Voting Shares**”) on completion of the Transaction. The Corporation filed articles of amendment on September 19, 2018 to complete the name change of the Corporation to “Trulieve Cannabis Corp.” in connection with the Transaction.

In connection with the Transaction, the Corporation consolidated its existing common shares on the basis of one Subordinate Voting Share for each 80.94486 existing common shares of the Corporation.

Prior to the Transaction, Trulieve US completed a brokered and a non-brokered subscription receipt financing (the “**SR Offering**”) at a price of C\$6.00 per subscription receipt for aggregate gross proceeds of approximately C\$65 million.

Holders of the subscription receipts that participated in the SR Offering on a non-brokered basis and whom were residents of the United States agreed to exchange the Subordinate Voting Shares issued to such holders on exercise of the subscription receipts for Multiple Voting Shares on the basis of one Multiple Voting Share for each 100 Subordinate Voting Shares to assist the Corporation in its efforts to maintain its status as a “foreign private issuer” (as determined in accordance with Rule 3b-4 under the Exchange Act) on closing of the Transaction.

In connection with the Transaction and pursuant to the SR Offering, a total of 7,554,050 Subordinate Voting Shares, 170,102.50 Multiple Voting Shares and 852,466 Super Voting Shares were issued and outstanding after completion of the Transaction, including Subordinate Voting Shares and Multiple Voting Shares issued to former holders of the subscription receipts issued in the SR Offering. Each Super Voting Share is convertible into Multiple Voting Shares at the option of the holder or upon certain triggering events. 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.

The Subordinate Voting Shares trade on the Canadian Securities Exchange under the symbol “TRUL” and trade on the OTCQX Best Market under the symbol “TCNNF”.

## **Business of the Corporation**

Trulieve is a multi-state cannabis operator which currently operates under licenses in four states. Headquartered in Quincy, Florida, the Corporation is focused on being the brand leader for quality medical and recreational cannabis products and service in all markets it serves. As of March 31, 2020, Trulieve employed approximately 3,000 people and is committed to providing patients a consistent and welcoming retail experience across Trulieve branded stores.

### *Florida*

Trulieve US is a vertically integrated “seed to sale” cannabis company and is the first and largest fully licensed medical marijuana company in the State of Florida. Trulieve US cultivates and produces all of its products in-house and distributes those products to Trulieve branded stores (dispensaries) throughout the State of Florida, as well as directly to patients via home delivery. Trulieve’s experience in the vertically integrated market of Florida has given the Corporation the ability to scale and penetrate in all necessary business segments (cultivation, production, sales and distribution) which has provided the Corporation with the unique ability to secure and maintain the position of market leader in Florida and to inject that expertise effectively into other regulated market opportunities.

As of December 31, 2019, Trulieve US operated over 1,684,408 square feet of cultivation facilities across five sites. In accordance with Florida law, Trulieve US grows in enclosed structures operating both indoor and greenhouse style grows.

Trulieve US operates a Good Manufacturing Practices (“**GMP**”) certified processing facility, encompassing an estimated 55,000 square feet. Due to its patient-first mantra, Trulieve has developed a suite of Trulieve branded products with over 300 stock keeping units (“**SKUs**”) including smokable flower, flower pods for vaporizing, concentrates, topicals, capsules, tinctures, and vape cartridges. This wide variety of products gives patients the ability to select the product that provides them with the most desired effect and delivery mechanism. Trulieve distributes its products to these customers in Trulieve branded retail stores or home delivery. As of December 31, 2019, Trulieve US operated 42 stores, encompassing 114,906 square feet of retail space, throughout the State of Florida.

## *Massachusetts*

Life Essence is currently in the permitting and development phase for multiple adult-use and medical cannabis retail locations, as well as a cultivation and product manufacturing facility in Massachusetts. Life Essence has been awarded Provisional Certificates of Registration from the Massachusetts Department of Health to operate medical marijuana dispensaries in the Cities of Cambridge, Holyoke, and Northampton, Massachusetts, as well as a medical marijuana cultivation and processing facility in the City of Holyoke, Massachusetts. Life Essence has also been awarded letters of support from these cities. Subject to receipt of Final Certificates of Registration and local permitting, these initiatives will allow Life Essence to build out its infrastructure and engage in medical cannabis cultivation, processing and retailing in Massachusetts. Additionally, Life Essence has executed statutorily required Host Community Agreements with the City of Holyoke that, subject to receipt of other state and local approvals, authorizes Life Essence to cultivate and process adult use cannabis, and with the City of Northampton that, subject to receipt of other state and local approvals, authorizes Life Essence to operate a retail marijuana establishment.

## *California*

Leef Industries operates a licensed medical and adult-use cannabis dispensary located in Palm Springs, California. Trulieve believes Leef Industries has demonstrated encouraging growth in the market, offering in-store and online shopping, along with product home delivery. Trulieve acquired an 80% interest in Leef Industries in Q4 2018. During Q2 2019, Trulieve acquired an additional 19% interest in Leef industries. Trulieve anticipates acquiring the remaining 1% interest in Leef industries during Q2 2020, subject to regulatory approval from applicable state and local authorities in California.

## *Connecticut*

Healing Corner is a licensed medical cannabis dispensary located in Connecticut. Healing Corner was founded in 2014 and provides a range of medical marijuana products from its dispensary in Bristol, Connecticut. Patients may also reserve their medical marijuana order through Healing Corner's Canna-Fill online system. Healing Corner scored highest of all applicants on the first Request for Application for licensing and serves approximately 13% of Connecticut's medical marijuana patient population.

## **Three-Year History**

Trulieve US was incorporated as a Georgia corporation under the name "George Hackney, Inc." on January 25, 1990. On June 11, 2018, Trulieve US domesticated to Florida with the Florida Division of Corporations pursuant to Florida Statute 607.1801. On July 18, 2018, Trulieve US changed its name to "Trulieve, Inc." On August 27, 2018, Trulieve US increased its authorized share capital to 25,000,000 shares of common stock and 20,000 shares of preferred stock with a par value of \$0.001 per share. On September 11, 2018, Trulieve US approved a reclassification of the issued and outstanding share capital of Trulieve US whereby each issued and outstanding share of common stock was split and became 150 shares of common stock such that there were 986,835 shares of common stock of Trulieve US issued and outstanding prior to the closing of the Transaction.

Trulieve US has been registered as a nursery in the State of Florida since June 2, 1981. On November 23, 2015, Trulieve, Inc. was awarded a license to operate in the State of Florida as a Medical Marijuana Dispensing Organization. Trulieve US filed a fictitious name application with the Florida Division of Corporations for the name "Trulieve" on March 20, 2016 and changed its name to "Trulieve, Inc." on July 18, 2018. Pursuant to current law, Trulieve US is now a Medical Marijuana Treatment Center in the State of Florida. Trulieve is licensed to produce and sell medical cannabis in the State of Florida through the Florida Department of Health, Office of Medical Marijuana Use. The Department issued a license to Trulieve US on November 23, 2015.

On November 8, 2018, the Corporation announced it had entered into a stock purchase agreement dated as of November 7, 2018 between Life Essence, the shareholders of Life Essence named therein and the Corporation to acquire all of the issued and outstanding capital stock of Life Essence. Life Essence is



a Massachusetts corporation currently in the permitting and development phase for multiple adult-use and medical cannabis retail locations, and a cultivation and product manufacturing facility in Massachusetts.

On November 8, 2018, the Corporation announced it had entered into a LLC membership interest purchase agreement dated as of November 7, 2018 between Kort Potter and the Corporation to acquire all of the issued and outstanding membership interests of Leef Industries, a California limited liability company. Leef Industries is an operating, licensed cannabis dispensary located in Palm Springs, California.

On May 21, 2019, the Corporation announced it had entered into a stock purchase agreement between Geri Ann Bradley, Healing Corner and a subsidiary of the Corporation to acquire all of the issued and outstanding equity of Healing Corner, a Connecticut corporation. Healing Corner is an operating, licensed medical cannabis dispensary located in Bristol Connecticut.

## **Financing Activities**

In April 2016, Trulieve US issued a \$1,000,000 promissory note (the “**2016 Note**”) to George Hackney, a director and shareholder of the Corporation, to finance the acquisition of certain tradename and professional reputation necessary to obtain its initial medical cannabis licenses. The 2016 Note matures in April 2026 and bears interest at an annual rate of 8%. During 2017, \$448,391 principal amount of the 2016 Note was converted into 328.90 shares, or 4,933,500 as if converted, of common stock of Trulieve US with a fair value of \$1,217,030, which resulted in an additional loss on settlement of \$768,639. The remaining balance of the 2016 Note plus accrued interest was repaid in April 2018.

In April 2016, Trulieve US issued a \$5,000,000 convertible note (the “**CTC Note**”) to Coast to Coast Management LLC (“**C2C**”), an entity controlled by a member of management and a shareholder of the Corporation. During the year ended December 31, 2017, Trulieve US and C2C determined that \$375,000 of the principal amount of the CTC Note was a license fee and such amount was recognized as revenue by Trulieve US. The remaining principal amount of the CTC Note was converted into 1,250 shares, or 18,750,000 as if converted, of common stock of Trulieve US in November 2017.

During the years ended December 31, 2016 and 2017, Trulieve US entered into various lines of credit with C2C and other entities controlled by members of management and shareholders of the Corporation to finance the buildout of various dispensary locations. Each line of credit bears 8% annual interest and, depending on the amount, matures between one to three years from initial drawdown. As of December 31, 2019, an aggregate of \$499,468 remains outstanding under these lines of credit.

In April 2017, Trulieve US issued a \$3,999,999 promissory note to Shelter Rock Capital Advisors, LLC (the “**Shelter Rock Note**”). The Shelter Rock Note was amended in January 2019 to extend the maturity of three tranches until April, May and June of 2022, respectively, and bears interest at an annual rate of 12%. Benjamin Atkins, a former director of the Corporation, provided a guarantee of the Shelter Rock Note and, in consideration for such guarantee, Trulieve US granted a mortgage in the amount of \$3,999,999 in favour of Mr. Atkins.

In September 2017, Trulieve US issued a \$1,300,000 promissory note to a shareholder of the Corporation (the “**Beshears Note**”). The Beshears Note bears interest at an annual rate of 12%. The Beshears Note, would have matured in January 2018, but was rolled into a subsequent financing and exchanged for the Clearwater GPC, Traunch Four and Rivers Notes.

In November 2017, Trulieve US issued a \$1,844,596 promissory note to Inkbridge, LLC (the “**Inkbridge Note**”), an entity controlled by Kim Rivers, the Corporation’s Chief Executive Officer. The Inkbridge Note bears interest at an annual rate of 12% and matures in November 2019. The Inkbridge Note was rolled into a subsequent financing and exchanged for the Clearwater GPC, Traunch Four and Rivers Notes.

In December 2017, Trulieve US issued a \$2,000,000 promissory note (the “**Vandagraff Note**”) to Vandagraff One, LLC pursuant to the terms of a loan and security agreement dated as of December 7,

2017. The Vandagraff Note bears interest at an annual rate of 12% and matures in December 2021. In conjunction with the SR Offering, the Vandagraff Note became due on demand.

In January 2018, Trulieve US issued a \$6,000,000 promissory note (the "**Track V Note**") to Track V, LLC pursuant to the terms of a loan and security agreement dated as of January 11, 2018. The Track V Note matures in January 2020 and bears interest at an annual rate of 12%. Trulieve US is to make monthly interest payments, and all outstanding principal and any unpaid accrued interest is due and payable, in full, on maturity. If Trulieve US lists its securities on a foreign or domestic exchange, the Track V Note is to become due and payable within 90 days of such listing. In connection with the Track V Note financing, shareholders of Trulieve US agreed to dilute their share ownership by 1% and to transfer shares of common stock of Trulieve US to certain individuals representing the holder of the Track V Note as a cost of raising the funds.

In March, April and May 2018, Trulieve US issued three separate promissory notes (the "**Clearwater GPC, Traunch Four and Rivers Notes**") in an aggregate principal amount of \$18,000,000. The Traunch Four Note is held by Traunch Four, LLC, an entity whose owners include Kim Rivers, the CEO and Chair of the Board of the Corporation, as well as Thad Beshears, Richard May and George Hackney, all directors of the Corporation. The Rivers Note is held by Kim Rivers. Each of the Clearwater GPC, Traunch Four and Rivers Notes has a 24-month maturity and bears interest at a rate of 12% per annum. In connection with the Clearwater GPC, Traunch Four and Rivers Note financing, shareholders of Trulieve US agreed to dilute their share ownership by 3.0% (1% respectively, per Clearwater, GPC, Traunch Four and Rivers Note) and to transfer shares of common stock of Trulieve US to certain individuals representing the holders of the Clearwater GPC, Traunch Four and Rivers Notes as a cost of raising the funds. On December 31, 2019 the Traunch Four and Rivers Notes were amended to extend the maturity one year to May 2021, all other terms remain unchanged.

Throughout 2018, the Corporation entered into four separate 24-month loans, each with an 8% annual interest rate, with a related party for a total of \$895,775.

Prior to the Transaction, Trulieve US completed the SR Offering for aggregate gross proceeds of approximately C\$65 million.

Following closing of the Transaction, the Corporation repaid the Track V Notes and the Clearwater GPC Note.

In February 2019, the Corporation entered into a 24-month loan, with an 8% annual interest rate, with a related party for a total of \$257,337.

On May 16, 2019, the Corporation completed a private offering of an aggregate principal amount of US\$17,750,000 of 9.75% unsecured notes of the Corporation maturing on August 14, 2019 (the "**Bridge Notes**"). The offering was conducted on a "best-efforts" basis pursuant to the terms of an agency agreement dated May 16, 2019, between the Corporation and Canaccord Genuity Corp.

On June 18, 2019, the Corporation completed a prospectus offering of 70,000 units of the Corporation (the "**June Units**"), comprised of an aggregate principal amount of US\$70,000,000 of 9.75% senior secured notes of the Corporation maturing in 2024 (the "**June Notes**") and an aggregate amount of 1,470,000 subordinate voting share warrants of the Corporation (each individual warrant being a "**June Warrant**") at a price of US\$980 per June Unit for a gross proceeds of US\$68,600,000. Each June Unit was comprised of one June Note issued in denominations of US\$1,000 and 21 June Warrants.

The offering was conducted on a "best-efforts" basis pursuant to the terms of an agency agreement dated June 11, 2019, between the Corporation and Canaccord Genuity Corp. The June Units were offered in each of the provinces of Canada, other than the Province of Quebec, by way of a prospectus supplement dated June 13, 2019 to the short form base shelf prospectus of the Corporation dated May 14, 2019.

Each June Warrant entitles the holder thereof to acquire one subordinate voting share of the Corporation at an exercise price of C\$17.25 until June 18, 2022. The obligations of the Corporation under the June Notes are fully and unconditionally guaranteed, jointly and severally, by Trulieve US, pursuant to a guarantee delivered at the time of closing. The June Notes and June Warrants trade on the Canadian Securities Exchange under the symbols TRUL.DB.U and TRUL.WT, respectively. The June Notes accrue interest at the rate of 9.75% per annum, payable on a semi-annual basis, maturing on June 18, 2024. In connection with the closing of the June Units, the Corporation repaid the Bridge Notes.

On November 7, 2019, the Corporation completed a prospectus offering of 60,000 units of the Corporation (the “**November Units**”), comprised of an aggregate principal amount of US\$60,000,000 of 9.75% senior secured notes of the Corporation maturing in 2024 (the “**November Notes**”) and an aggregate amount of 1,560,000 subordinate voting share warrants of the Corporation (each individual warrant being a “**November Warrant**”) at a price of US\$980 per November Unit for a gross proceeds of US\$61,059,000. Each November Unit was comprised of one November Note issued in denominations of US\$1,000 and 26 November Warrants.

The offering was conducted on a "best-efforts" basis pursuant to the terms of an agency agreement dated December 31, 2019, between the Corporation and Canaccord Genuity Corp. The November Units were offered in each of the provinces of Canada, other than the Province of Quebec, by way of a prospectus supplement dated June 13, 2019 to the short form base shelf prospectus of the Corporation dated May 14, 2019.

Each November Warrant entitles the holder thereof to acquire one subordinate voting share of the Corporation at an exercise price of C\$17.25 until June 18, 2022. The obligations of the Corporation under the November Notes are fully and unconditionally guaranteed, jointly and severally, by Trulieve US, pursuant to a guarantee delivered at the time of closing. The November Notes and November Warrants trade on the Canadian Securities Exchange under the symbols TRUL.DB.U and TRUL.WT, respectively. The November Notes accrue interest at the rate of 9.75% per annum, payable on a semi-annual basis, maturing on June 18, 2024.

On July 29, 2019, the Corporation announced that it had closed on the sale of a property in Holyoke, Massachusetts. Concurrent with the closing of the sale, a subsidiary of Trulieve entered into a triple-net lease agreement (the “**Holyoke Lease Agreement**”) to operate the property as a licensed cannabis cultivation and processing facility upon completion of redevelopment. Trulieve is expected to complete tenant improvements for the building, for which the landlord has agreed to provide reimbursement of up to \$40.0 million, which funding is subject to reduction at Trulieve's option within the first six months of the lease term. The purchase price for the Massachusetts property was \$3.5 million (excluding transaction costs). The initial lease term is the earliest of (i) 10 years beginning when the Corporation has been reimbursed for all tenant improvements (up to the \$40.0 million allowance), or (ii) 138 months from the effective date of the lease, with two options to extend the term of the lease for five years each. The initial annualized base rent is equal to 11% of the sum of the purchase price for the property and the reimbursement for tenant improvements.

On October 23, 2019, the Corporation announced that it had closed on the sale of a property in Quincy, Florida. The property comprises five buildings of industrial space. Concurrent with the closing of the purchase, a subsidiary of Trulieve entered into a triple-net lease agreement to operate the property for continued operation as a licensed medical cannabis cultivation facility. The purchase price for the Florida property was \$17.0 million (excluding transaction costs). The initial lease term is 10 years, with two options to extend the term of the lease for five years each. The initial annualized base rent is equal to 11% of the purchase price for the property.

## DESCRIPTION OF THE BUSINESS

Trulieve is a successful cannabis company operating in highly regulated markets that require expertise in cultivation, manufacturing, retail and logistics. Trulieve has developed proficiencies in each of these functions and is committed to utilizing predictive analytics to stay abreast of sales trends, patient

demographics and evolving demand. This is the foundation upon which Trulieve has built sustainable, profitable growth.

In states that require cannabis companies to be vertically integrated, ownership of the entire supply chain mitigates third-party risks and allows Trulieve to completely control product quality and brand experience. This results in high patient retention and brand loyalty. Trulieve successfully operates the core business functions of cultivation, production and distribution at scale, and is skilled at rapidly increasing capacity without any interruption to existing operations. The Trulieve brand philosophy of “Patients First” permeates the Trulieve culture beginning with high-quality cultivation and GMP-certified product manufacturing, through the consumer experience at Trulieve stores, at the Corporation’s in-house call center and at patient residences through a robust home delivery program.

#### Data Utilization for Predictive Analytics

Trulieve collects and analyzes data throughout the entire seed to sale process of the enterprise. All strategic and tactical business decisions are driven by analyses of historical data coupled with predictive analytics to ensure the best possible solution is formulated and executed. Data collection systems are based on a state-of-the-art SAP platform, which is cloud based and routinely backed up to ensure the security and integrity of data repositories.

In the Corporation’s cultivation activities, Trulieve uses data analytics to predict future yields and plan future crop rotations to meet projected patient demand. The predictive analysis ensures Trulieve operates in an efficient manner to maximize the harvest output to cost ratio, while continuously delivering today’s most in-demand genetics.

Trulieve also uses data analytics throughout the entire manufacturing process to monitor outputs in real-time, ensure quality processes are adhered to, and analyze key metrics to optimize lean flow efficiency. Consistency is paramount to Trulieve and tracking of the recorded data guarantees uniformity and end-to-end traceability for all products distributed.

Once the Corporation’s products are in Trulieve stores, each sales transaction is recorded. The reports derived from the recorded information allows Trulieve to track and analyze – by retail location – sales trends, quantities dispensed, and products sold by subcategory. Trulieve uses this data for regression and predictive analysis, cultivation crop and derivative product manufacturing planning, and patient marketing. The data is also key in planning future cultivation and manufacturing expansion. On the retail side, delivery request volume is used to guide new retail store placement and predictive analyses inform retail inventory planning.

#### High-Yield Cultivation Facilities and Techniques

Trulieve transforms raw cannabis flower into the Trulieve portfolio of products sold in Trulieve stores. With a focus on scalable operations, Trulieve has detailed Standard Operating Procedures as well as robust training protocols that are employed across all cultivation sites to achieve a high level of consistency and medicinal quality.

As of December 31, 2019, the Corporation operates approximately 1,684,408 square feet of cultivation facilities across five sites in Florida. In accordance with Florida law, Trulieve grows in secure enclosed indoor facilities and greenhouse structures. In Massachusetts, Trulieve anticipates completion of the first phase of its medical marijuana cultivation and processing facility in Q2 2020.

The ability to quickly construct and operate high-yield cultivation facilities at commercial scale is critical in Florida as well as other vertical markets. Trulieve currently grows 97 cannabis flower strains with varying price points and is currently responsible for approximately 50% of all cannabis flower sold in Florida.

### Scaled, Quality Production

As a vertically-integrated company in Florida, Trulieve US produces 100% of all products sold in Trulieve's Florida stores. Trulieve has successfully obtained GMP certification for its Florida manufacturing facilities and has detailed Standard Operating Procedures and comprehensive quality systems in place to ensure safe and effective products are delivered to Trulieve's patients.

Trulieve primarily utilizes super critical ethanol extraction to obtain the cannabis oil used in the majority of its branded products. Trulieve also utilizes carbon dioxide extraction for terpene extraction as well as a line of CO2 vaporizer cartridges. The Corporation has a 55,000 square foot building that houses extraction, infusion, packaging, and shipping activities. In anticipation of legal changes that will allow edible cannabis products to be sold in Florida, the building was outfitted with a state-of-the-art, GMP-certified kitchen.

As of December 31, 2019, Trulieve manufactures, packages and distributes products in a variety of market segments with over 300 SKUs.

### Marketing and Community Outreach

Trulieve's marketing strategies center around education and outreach for three key groups: physicians, patients and potential patients.

Trulieve provides industry leading education, outreach and support to all registered Florida medical cannabis physicians. The Corporation's educational materials are designed to help physicians understand cannabinoid science, the high standards to which Trulieve plants are cultivated and how the Corporation's products provide relief for patients. Trulieve's dedicated physician education team delivers in-person outreach to hundreds of physicians each month as well as immediate phone support through a dedicated physician education team member in the Trulieve call center.

Patients primarily learn about Trulieve through their physicians, patient-centric community events, and digital marketing. Trulieve participates in dozens of patient outreach and community events on a monthly basis. An engaged patient audience is captured through the Corporation's digital content marketing. Trulieve engages with its consumer base via multiple popular social media platforms.

Trulieve also attends many events focused on educating non-patients who may benefit such as veterans, seniors, organizations that serve qualifying patient populations, and various health and wellness groups. Search engine optimization of the Corporation's website also captures potential patients researching the benefits of medical marijuana, which offers another pathway to informative materials about therapeutic uses of cannabis, Trulieve products and how to legally access them.

### Patient Focused Experiences

It is Trulieve's goal to create enthusiastic fans who are loyal to the Trulieve brand, and in return to provide these patients industry-leading products and superior customer service. Trulieve accomplishes this goal through several key strategies:

#### *Training*

Patient experience is an area of high focus for the Corporation. Trulieve employs and continuously improves numerous training programs and methods in an effort to ensure the Corporation's front-line workers have the resources and information they need to provide patients with an excellent experience across all Trulieve branded locations. In addition, the Corporation is utilizing an advanced learning management system in cultivation and processing to standardize and track training. A multi-level training structure that employs three different training methodologies is used to ensure employees are performing tasks to internal standards. This training approach is dynamic and subject to regular evaluation under the

continuous improvement program. The current Trulieve offers specialized management training so there is daily reinforcement of patient experience best practices.

### *Branded Store Experiences*

Trulieve maintains a consistent look and feel across dispensary locations to streamline the dispensary experience for the benefit of patients. Brand guidelines are the cornerstone, ensuring each store utilizes the same design, color scheme and layout to provide a comfortable, welcoming environment across locations. Similarly, the brand standards are adhered to in Trulieve digital marketing, lending to Trulieve's brand recognition in Florida and beyond.

### *Brand Strategy*

The foundation of Trulieve's brand strategy is making top quality Trulieve branded products that are effective. In Florida, the Trulieve brand is already synonymous with quality and consistency; using the Corporation's proven model to build similar brand associations in new markets is the next step.

In addition, the Corporation is partnering with strategic brands that are or will be featured in Trulieve locations. To date, Trulieve has announced partnerships with Bhang, Binske, Loves Oven, SLANG and Blue River. Each strategic partner is a consumer favorite with a strong following, unique value proposition and market penetration strategy.

The third tier of the Trulieve brand strategy consists of local partnerships. Trulieve's first local partnership was Sunshine Cannabis, a Florida based company whose focus has been on bringing back unique Florida-based cannabis strains such as "Sunshine Kush" and "Gainesville Green". As a testament to their grass roots marketing efforts, each of the two vape pen SKUs featuring these cannabis strains sold out within 48 hours of launch.

### *Multiple Channels of Distribution*

To meet patient needs, Trulieve provides patients with several different purchase options. Patients can order products for delivery on-line or by calling the Trulieve call-center. Trulieve offers delivery service across Florida. Patients can also place orders for in-store pick-up either online or via the call center. Finally, patients are able to walk-in to any Trulieve dispensary location and place an order in person.

### *Loyalty Program and Communication Platforms*

The Truliever program is a patient-based loyalty program in which patients earn points for dollars spent and receive discounts when their points exceed specified thresholds. Trulievers are also first to know about special discounts or limited product releases and are invited to exclusive Truliever promotions and events. Trulieve is a technology friendly company that understands each consumer has unique communication preferences and capabilities. As such, the Corporation engages with patients and physicians through a variety of methods including email, text, social media and online chat.

### Research and Development

Trulieve has a dedicated research and development team focused on product development and technological innovation. The R&D team evaluates new technologies and performs rigorous testing prior to recommending introduction into production. The team is constantly monitoring developments in the fast-paced cannabis industry and drawing inspiration from adjacent industries to ensure the Corporation remains competitive.

### Competitive Conditions and Position

The Corporation faces competition from companies that may have greater capitalization, access to public equity markets, more experienced management or more maturity as a business. The vast majority

of both manufacturing and retail competitors in the cannabis market consists of localized businesses (those doing business in a single state). There are a few multistate operators that the Corporation competes directly with. Aside from this direct competition, out-of-state operators that are capitalized well enough to enter markets through acquisitive growth are also considered part of the competitive landscape. Similarly, as the Corporation executes its growth strategy, operators in its future state markets will inevitably become direct competitors. See *Risk Factors – Competition*.

### Business Objectives of the Corporation

The Corporation will continue to focus on rapid growth in Florida and Massachusetts, while also moving into other states to expand the reach of the Trulieve brand. The Corporation will continue to execute on the Corporation's established business plan of being the clear market leader in the State of Florida. The Corporation's growth plans are comprised of three key strategies. In the next 12 months, the Corporation expects to:

- *Expand Current Cultivation and Production Operations*: The Corporation will continue to scale cultivation and production operations as justified by supply-demand market dynamics, expanding its Florida indoor cultivation facilities and opening a cultivation and processing facility in Massachusetts.
- *Expand Current Market Retail Footprint*: The Corporation will continue to scale retail locations in Florida and up to three locations in Massachusetts.
- *New Market Expansion*: The Corporation will identify new markets that support the Corporation's business model.

### Trulieve Leases

The Corporation leases all its store locations. The Corporation does not have any one lease representing over 10% of the consolidated leasing costs of the Corporation and, as a result, does not consider any of its leases to be material contracts entered into outside the ordinary course of business.

### Specialized Skills

The Corporation is constantly recruiting and retaining talented individuals to join the Trulieve team. The Corporation employs a wide range of skill sets, including employees with PhD and master's degrees. Many of the Corporation's employees are college graduates and many have specific skills related to their job function. The Corporation will continue to build out its research and development team with scientists and other area specialists. The Corporation utilizes a variety of recruiting techniques, including online resources as well as recruiting professionals, to assist with filling specialized roles.

### Supply Chain

In the Florida market, the Corporation is a true seed to sale company and, as such, controls the supply chain and distribution of its products. Aside from hardware components that are readily available, such as childproof packaging, and ingredients which are readily attainable, such as olive oil or coconut oil, raw materials are produced by the Corporation. Materials not produced in-house are purchased at market prices from vetted suppliers.

### Brand Recognition and Intellectual Property

The Corporation has been registered as a nursery in the State of Florida since June 2, 1981 and was awarded a license to operate in Florida as a Medical Marijuana Dispensing Organization in 2015. Since that time, the Corporation has built brand recognition throughout the State of Florida. The Corporation maintains a consistent approach to the design of each of its stores to create a uniform experience for the its patients.

The Corporation has received trademark approval from the State of Florida for the name Trulieve. The Corporation owns the domain name trulieve.com as well as several additional related domain names. The Corporation has not registered any patents nor is it in the process of registering any patents. The Corporation relies on non-disclosure and confidentiality agreements to protect its intellectual property rights. To the extent the Corporation is required to make disclosure regarding specific proprietary or trade secret information, such information is redacted prior to public disclosure.

Year-Round Business

The Corporation’s medical cannabis business is year-round and neither cyclical nor seasonal.

Employees

The Corporation is committed to hiring talented individuals and maximizing individual potential, while fostering growth and career advancement. Since the opening of its first store in 2016, the Corporation’s workforce has grown to over 3,000 employees, including personnel in the Corporation’s cultivation, production, transportation and retail divisions, along with the Corporation’s executive and support services teams. The Corporation’s goal is to use the highest standards in attracting the best talent, offering competitive compensation, as well as implementing best practices in evaluating, recruiting and onboarding its human capital. The Corporation’s employees are split across company divisions as follows:

Management: .....	22
Cultivation: .....	618
Production: .....	473
Retail: .....	1,637
Call Center .....	108
Transportation: .....	99
Support: .....	127
<b>Total: .....</b>	<b>3,084</b>

Diversity, Inclusion & Equity

Trulieve is committed to contributing positively to the legal cannabis industry. As a business that produces and distributes a product that many people – especially people of colour – were arrested and incarcerated for in the past, Trulieve recognizes the supreme importance of ensuring the cannabis industry is diverse, inclusive, and equitable. As such, the Corporation has launched a Diversity & Inclusion Committee. The Committee is comprised of executives, senior management, and a diversity consultant that will implement and record the efficacy of efforts to recruit and develop diverse talent, implement company-wide diversity and cultural competency training, increase supplier diversity, engage in social justice initiatives, and more.

**UNITED STATES REGULATORY OVERVIEW**

In accordance with the Canadian Securities Administrators Staff Notice 51-352 (Revised) dated February 8, 2018 – *Issuers with U.S. Marijuana-Related Activities* (“**Staff Notice 51-352**”), below is a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where the Corporation is currently directly involved, through its subsidiaries, in the cannabis industry. Trulieve US is directly engaged in the manufacture, possession, sale or distribution of cannabis in the medicinal cannabis marketplace in the State of Florida. Leef Industries is directly involved in the possession, use, sale and distribution of cannabis in the medicinal and adult use cannabis marketplace in the State of California. Life Essence is in the process of building out its infrastructure to engage in cannabis cultivation, processing and retailing in the medicinal and adult use cannabis marketplace in the Commonwealth of Massachusetts.

In accordance with Staff Notice 51-352, the Corporation will evaluate, monitor and reassess this disclosure, and any related risks, on an ongoing basis and the same will be supplemented and amended to



investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding marijuana regulation. Any non-compliance, citations or notices of violation which may have an impact on the Corporation's license, business activities or operations will be promptly disclosed by the Corporation.

### **Regulation of Cannabis in the United States Federally**

The United States federal government regulates drugs in large part through the Controlled Substances Act (the "**CSA**"). Marijuana, which is a form of cannabis, is classified as a Schedule I controlled substance. As a Schedule I controlled substance, the federal Drug Enforcement Agency ("**DEA**") considers marijuana to have a high potential for abuse; no currently accepted medical use in treatment in the United States; and a lack of accepted safety for use of the drug under medical supervision. According to the U.S. federal government, cannabis having a concentration of tetrahydrocannabinol ("**THC**") greater than 0.3% is marijuana. Cannabis with a THC content below 0.3% is classified as hemp. The scheduling of marijuana as a Schedule I controlled substance is inconsistent with what the Corporation believes to be widely accepted medical uses for marijuana by physicians, researchers, patients, and others. Moreover, despite the clear conflict with U.S. federal law, 33 states and the District of Columbia have legalized marijuana for medical use, while 11 of those states and the District of Columbia have legalized the adult use of cannabis for recreational purposes. As further evidence of the growing conflict between the U.S. federal treatment of cannabis and the societal acceptance of cannabis, the federal Food and Drug Administration ("**FDA**") on June 25, 2018 approved Epidiolex. Epidiolex is an oral solution with an active ingredient derived from the cannabis plant for the treatment of seizures associated with two rare and severe forms of epilepsy, Lennox-Gastaut syndrome and Dravet syndrome, in patients two years of age and older. This is the first FDA-approved drug that contains a purified substance derived from the cannabis plant. In this case, the substance is cannabidiol ("**CBD**"), a chemical component of marijuana that does not contain the psychoactive properties of THC.

Unlike in Canada, which uniformly regulates the cultivation, distribution, sale and possession of marijuana at the federal level under the Cannabis Act (Canada), marijuana is largely regulated at the state level in the United States. State laws regulating marijuana are in conflict with the CSA, which makes marijuana use and possession federally illegal. Although certain states and territories of the United States authorize medical or adult-use marijuana production and distribution by licensed or registered entities, under United States federal law, the possession, use, cultivation, and transfer of marijuana and any related drug paraphernalia is illegal. Although the Corporation's activities are compliant with the applicable state and local laws in those states it maintains such licenses (Florida, California, Massachusetts and Connecticut), strict compliance with state and local laws with respect to cannabis may neither absolve the Corporation of liability under United States federal law nor provide a defense to any federal criminal action that may be brought against the Corporation.

In 2013, as more and more states began to legalize medical and/or adult-use marijuana, the federal government attempted to provide clarity on the incongruity between federal law and these state-legal regulatory frameworks. Until 2018, the federal government provided guidance to federal agencies and banking institutions through a series of United States Department of Justice ("**DOJ**") memoranda. The most notable of this guidance came in the form of a memorandum issued by former U.S. Deputy Attorney General James Cole on August 29, 2013 (the "**Cole Memorandum**").

The Cole Memorandum offered guidance to federal agencies on how to prioritize civil enforcement, criminal investigations and prosecutions regarding marijuana in all states and quickly set a standard for marijuana-related businesses to comply with. The Cole Memorandum put forth eight prosecution priorities:

1. Preventing the distribution of marijuana to minors;
2. Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs and cartels;

3. Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
4. Preventing the state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
5. Preventing the violence and the use of firearms in the cultivation and distribution of marijuana;
6. Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
7. Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
8. Preventing marijuana possession or use on federal property.

On January 4, 2018, former United States Attorney General Sessions rescinded the Cole Memorandum by issuing a new memorandum to all United States Attorneys (the “**Sessions Memo**”). Rather than establishing national enforcement priorities particular to marijuana-related crimes in jurisdictions where certain marijuana activity was legal under state law, the Sessions Memo simply rescinded the Cole Memorandum and instructed that “[i]n deciding which marijuana activities to prosecute... with the [DOJ’s] finite resources, prosecutors should follow the well-established principles that govern all federal prosecutions.” Namely, these include the seriousness of the offense, history of criminal activity, deterrent effect of prosecution, the interests of victims, and other principles.

In the absence of uniform federal guidance, as had been established by the Cole Memorandum, numerous United States Attorneys with state-legal marijuana programs within their jurisdictions announced enforcement priorities for their respective offices. For instance, Andrew Lelling, United States Attorney for the District of Massachusetts, stated that while his office would not immunize any businesses from federal prosecution, he anticipated focusing the office’s marijuana enforcement efforts on: (1) overproduction; (2) targeted sales to minors; and (3) organized crime and interstate transportation of drug proceeds. Other United States Attorneys provided less assurance, promising to enforce federal law, including the CSA in appropriate circumstances.

Attorney General William Barr, who succeeded Attorney General Sessions has not provided a clear policy directive for the United States as it pertains to state-legal marijuana-related activities. However, in a written response to questions from U.S. Senator Cory Booker made as a nominee, Attorney General Barr stated “I do not intend to go after parties who have complied with state law in reliance on the Cole Memorandum.” Attorney General Barr’s statements are not official declarations of DOJ policy and are not binding on the DOJ, on any U.S. Attorney or on the federal courts.

Nonetheless, there is no guarantee that state laws legalizing and regulating the sale and use of marijuana will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the United States Congress amends the CSA with respect to marijuana (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current U.S. federal law.

As an industry best practice, despite the rescission of the Cole Memorandum, the Corporation abides by the following standard operating policies and procedures to ensure compliance with the guidance provided by the Cole Memorandum:

1. Ensure that its operations are compliant with all licensing requirements as established by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions;

2. Ensure that its cannabis related activities adhere to the scope of the licensing obtained (for example: in the states where cannabis is permitted only for adult-use, the products are only sold to individuals who meet the requisite age requirements);
3. Implement policies and procedures to ensure that cannabis products are not distributed to minors;
4. Implement policies and procedures in place to ensure that funds are not distributed to criminal enterprises, gangs or cartels;
5. Implement an inventory tracking system and necessary procedures to ensure that such compliance system is effective in tracking inventory and preventing diversion of cannabis or cannabis products into those states where cannabis is not permitted by state law, or cross any state lines in general;
6. Ensure that its state-authorized cannabis business activity is not used as a cover or pretense for trafficking of other illegal drugs, is engaged in any other illegal activity or any activities that are contrary to any applicable anti-money laundering statutes; and
7. Ensure that its products comply with applicable regulations and contain necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

In addition, the Corporation frequently conducts background checks to ensure that the principals and management of its operating subsidiaries are of good character and have not been involved with other illegal drugs, engaged in illegal activity or activities involving violence, or the use of firearms in the cultivation, manufacturing or distribution of cannabis. The Corporation will also conduct ongoing reviews of the activities of its cannabis businesses, the premises on which they operate and the policies and procedures that are related to the possession of cannabis or cannabis products outside of the licensed premises, including the cases where such possession is permitted by regulation. See “Risk Factors.”

Although the Cole Memorandum has been rescinded, one legislative safeguard for the medical marijuana industry remains in place: Congress has passed a so-called “rider” provision in the FY 2015, 2016, 2017, 2018 and 2019 Consolidated Appropriations Acts to prevent the federal government from using congressionally appropriated funds to enforce federal marijuana laws against state regulated medical marijuana actors operating in compliance with state and local law. The rider is known as the “Rohrabacher-Farr” Amendment after its original lead sponsors (it is also sometimes referred to as the “Rohrabacher-Blumenauer” or “Joyce-Leahy” Amendment, but it is referred to in this MD&A as “**Rohrabacher-Farr**”). In signing the 2019 Consolidated Appropriations Act, President Trump issued a signing statement noting that the Act “provides that the Department of Justice may not use any funds to prevent implementation of medical marijuana laws by various States and territories,” and further stating “[he] will treat this provision consistent with the President’s constitutional responsibility to faithfully execute the laws of the United States.” While the signing statement can fairly be read to mean that the executive branch intends to enforce the CSA and other federal laws prohibiting the sale and possession of marijuana, the President did issue a similar signing statement in 2017 and no major federal enforcement actions followed. The Consolidated Appropriations Act of 2019 expired on September 30, 2019. On September 27, 2019, the President signed into law the Continuing Appropriations Act, 2020, and Health Extenders Act of 2019, which provided continuing appropriations to federal agencies through November 21, 2019. The Continuing Appropriations Act is known as a continuing resolution and prevented a government shutdown that would have otherwise occurred when FY2020 began on October 1, 2019 because the 12 regular appropriations bills that fund the federal government for FY2020 had not been enacted. The continuing resolution funds most projects and activities at the FY2019 levels with several exceptions that provide funding flexibility and additional appropriations to various programs. Notably, Rohrabacher-Farr has applied only to medical marijuana programs and has not provided the same protections to enforcement against adult-use activities. See “*Regulatory Overview - Regulation of Cannabis in the United States Federally*” in the Prospectus.

### *United States Border Entry*

The United States Customs and Border Protection (“**CBP**”) enforces the laws of the United States as they pertain to lawful travel and trade into and out of the U.S. Crossing the border while in violation of the CSA and other related United States federal laws may result in denied admission, seizures, fines, and apprehension. CBP officers administer determine the admissibility of travelers who are non-U.S. citizens into the United States pursuant to the United States Immigration and Nationality Act. An investment in the Corporation, if it became known to CBP, could have an impact on a non-U.S. citizen’s admissibility into the United States and could lead to a lifetime ban on admission. See “*Risk Factors - U.S. border officials could deny entry of non-US citizens into the U.S. to employees of or investors in companies with cannabis operations in the United States and Canada.*”

Because marijuana remains illegal under United States federal law, those investing in Canadian companies with operations in the United States cannabis industry could face detention, denial of entry, or lifetime bans from the United States for their business associations with United States marijuana businesses. Entry happens at the sole discretion of CBP officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a non-US citizen or foreign national. The government of Canada has started warning travelers that previous use of marijuana, or any substance prohibited by United States federal laws, could mean denial of entry to the United States. Business or financial involvement in the marijuana industry in the United States could also be reason enough for CBP to deny entry. On September 21, 2018, CBP released a statement outlining its current position with respect to enforcement of the laws of the United States. It stated that Canada’s legalization of cannabis will not change CBP enforcement of United States laws regarding controlled substances and because marijuana continues to be a controlled substance under United States law, working in or facilitating the proliferation of the legal marijuana industry in U.S. states where it is deemed legal may affect admissibility to the United States. As a result, CBP has affirmed that, employees, directors, officers, managers and investors of companies involved in business activities related to marijuana in the United States (such as the Corporation), who are not United States citizens, face the risk of being barred from entry into the United States.

### *Anti-Money Laundering Laws and Access to Banking*

The Corporation is subject to a variety of laws and regulations in the United States that involve anti-money laundering, financial recordkeeping and the proceeds of crime, including the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the “**Bank Secrecy Act**”), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States.

Additionally, under United States federal law, it may potentially be a violation of federal anti-money laundering statutes for financial institutions to take any proceeds from the sale of any Schedule I controlled substance. Banks and other financial institutions could potentially be prosecuted and convicted of money laundering under the Bank Secrecy Act for providing services to cannabis businesses. Therefore, under the Bank Secrecy Act, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other financial service could be charged with money laundering or conspiracy.

While there has been no change in U.S. federal banking laws to accommodate businesses in the large and increasing number of U.S. states that have legalized medical or adult-use marijuana, the Department of the Treasury Financial Crimes Enforcement Network (“**FinCEN**”), in 2014, issued guidance to prosecutors of money laundering and other financial crimes (the “**FinCEN Guidance**”). The FinCEN Guidance advised prosecutors not to focus their enforcement efforts on banks and other financial institutions that serve marijuana-related businesses so long as that marijuana-related business activities are legal in their state and none of the federal enforcement priorities referenced in the Cole Memorandum are being violated (such as keeping marijuana out of the hands of organized crime). The FinCEN Guidance also clarifies how financial institutions can provide services to marijuana-related businesses consistent with

their Bank Secrecy Act obligations, including thorough customer due diligence, but makes it clear that they are doing so at their own risk. The customer due diligence steps typically include:

1. Verifying with the appropriate state authorities whether the business is duly licensed and registered;
2. Reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its marijuana-related business;
3. Requesting available information about the business and related parties from state licensing and enforcement authorities;
4. Developing an understanding of the normal and expected activity for the business, including the types of products to be sold and the type of customers to be served (e.g., medical versus adult-use customers);
5. Ongoing monitoring of publicly available sources for adverse information about the business and related parties;
6. Ongoing monitoring for suspicious activity, including for any of the red flags described in the FinCEN Guidance; and
7. Refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk.

With respect to information regarding state licensure obtained in connection with such customer due diligence, a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where states make such information available.

While the FinCEN Guidance decreased some risk for banks and financial institutions considering servicing the cannabis industry, in practice it has not increased banks' willingness to provide services to marijuana-related businesses. This is because current U.S. federal law does not guarantee banks immunity from prosecution, and it also requires banks and other financial institutions to undertake time-consuming and costly due diligence on each marijuana-related business they accept as a customer.

Those state-chartered banks and/or credit unions that have agreed to work with marijuana businesses are typically limiting those accounts to small percentages of their total deposits to avoid creating a liquidity risk. Since, theoretically, the federal government could change the banking laws as it relates to marijuana-related businesses at any time and without notice, these banks and credit unions must keep sufficient cash on hand to be able to return the full value of all deposits from marijuana-related businesses in a single day, while also keeping sufficient liquid capital on hand to service their other customers. Those state-chartered banks and credit unions that do have customers in the marijuana industry can charge marijuana businesses high fees to cover the added cost of ensuring compliance with the FinCEN Guidance.

Unlike the Cole Memorandum, however, the FinCEN Guidance has not been rescinded. The Secretary of the U.S. Department of the Treasury, Stephen Mnuchin, has publicly stated that the Department was not informed of any plans to rescind the Cole Memorandum and that he does not have a desire to rescind the FinCEN Guidance.

As an industry best practice and consistent with its standard operating procedures, the Corporation adheres to all customer due diligence steps in the FinCEN Guidance and any additional requirements imposed by those financial institutions it utilizes. However, in the event that any of the Corporation's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the United States were found to be in violation of anti-money laundering legislation or otherwise, such transactions could be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of the Corporation to declare or pay dividends or effect other distributions.

In the United States, a bill (the “**SAFE Banking Act**”) has been put forth which would grant banks and other financial institutions immunity from federal criminal prosecution for servicing marijuana-related businesses if the underlying marijuana business follows state law. The SAFE Banking Act has been adopted by the House of Representatives and is awaiting consideration by the U.S. Senate. While there is strong support in the public and within Congress for its passage, there can be no assurance that it will be passed in its current form or at all. In both Canada and the United States, transactions involving banks and other financial institutions are both difficult and unpredictable under the current legal and regulatory landscape. Legislative changes could help to reduce or eliminate these challenges for companies in the cannabis space and would improve the efficiency of both significant and minor financial transactions.

#### *Ability to Access Public and Private Capital*

Given the current laws regarding cannabis at the federal level in the United States, traditional bank financing is typically not available to United States marijuana companies. Specifically, since financial transactions involving proceeds generated by cannabis-related conduct can form the basis for prosecution under anti-money laundering statutes, the unlicensed money transmitter statute and the Bank Secrecy Act, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept their business. Banks who do accept deposits from cannabis-related businesses in the United States must do so in compliance with the FinCEN Guidance.

Trulieve has banking relationships with Florida, Massachusetts and Connecticut state-chartered banks for deposits and payroll, however Trulieve does not have access to traditional bank financing. Trulieve has been successful at raising capital privately. On May 16, 2019, the Corporation completed the private placement offering of Bridge Notes for gross proceeds to the Corporation of \$17.75 million. Pursuant to the public offering of June Units and November Units the Corporation raised aggregate gross proceeds of \$130 million. The Corporation expects to generate adequate cash to fund its continuing operations. The Corporation’s business plan includes aggressive growth, both in the form of additional acquisitions and through facility expansion and improvements. Accordingly, the Corporation expects to raise additional capital. There can be no assurance that additional financing will be available to the Corporation when needed or on terms which are acceptable.

#### *Tax Concerns*

An additional challenge for marijuana-related businesses is that the provisions of the Internal Revenue Code Section 280E are being applied by the IRS to businesses operating in the medical and adult-use marijuana industry. Section 280E prohibits marijuana businesses from deducting their ordinary and necessary business expenses, forcing them to pay higher effective federal tax rates than similar companies in other industries. The effective tax rate on a marijuana business depends on how large its ratio of non-deductible expenses is to its total revenues. Therefore, businesses in the legal cannabis industry may be less profitable than they would otherwise be. Furthermore, although the IRS issued a clarification allowing the deduction of cost of goods sold, the scope of such items is interpreted very narrowly, and the bulk of operating costs and general administrative costs are not permitted to be deducted.

#### *The 2018 Farm Bill*

Cannabidiol or CBD is a nonintoxicating chemical found in cannabis and is often derived from hemp, which contains, at most, only trace amounts of THC. On December 20, 2018, President Trump signed the Agriculture Improvement Act of 2018 (popularly known as the “**2018 Farm Bill**”) into law. Until the 2018 Farm Bill became law, hemp fell within the definition of “marijuana” under the CSA and the DEA classified hemp as a Schedule I controlled substance because hemp is part of the cannabis plant.

The 2018 Farm Bill defines hemp as the plant *Cannabis sativa* L. and any part of the plant with a delta-9 THC concentration of not more than 0.3% by dry weight and removes hemp from the CSA. The 2018 Farm Bill requires the U.S. Department of Agriculture (“**USDA**”) to, among other things: (1) evaluate and approve regulatory plans approved by individual states for the cultivation and production of industrial

hemp, and (2) promulgate regulations and guidelines to establish and administer a program for the cultivation and production of hemp in the U.S. The regulations promulgated by the USDA will be in lieu of those states not adopting state-specific hemp regulations. Hemp and products derived from it, such as CBD, may then be sold into commerce and transported across state lines provided that the hemp from which any product is derived was cultivated under a license issued by an authorized state program approved by the USDA and otherwise meets the definition of hemp. The 2018 Farm Bill also explicitly preserved the authority of the FDA to regulate hemp-derived products under the U.S. Food, Drug and Cosmetic Act. The Company expects that the FDA will promulgate its own rules for the regulation of hemp-derived products in the coming year. Notwithstanding the pending FDA rules, on October 29, 2019, the USDA published its proposed rules for the regulation of hemp, as discussed above (“**USDA Rule**”). The USDA Rule will go into effect immediately upon the conclusion of the public comment period and publication in the federal register by the USDA. The USDA Rule, among other things, sets minimum standards for the cultivation and production of hemp, as well as requirements for laboratory testing of hemp.

### **Compliance with Applicable State Law in the United States**

The Corporation is classified as having a “direct” involvement in the United States cannabis industry and is in compliance with applicable United States state law, as well as related licensing requirements and the regulatory framework enacted by the States of Florida, California, and Connecticut, and the Commonwealth of Massachusetts. The Corporation is not subject to any citations or notices of violation with applicable licensing requirements and the regulatory frameworks which may have an impact on its licenses, business activities or operations. The Corporation uses reasonable commercial efforts to ensure that its business is in compliance with applicable licensing requirements and the regulatory frameworks enacted by Florida, California, Connecticut and Massachusetts through the advice of its Director of Compliance, who monitors and reviews its business practices and changes to applicable state laws and regulations, as well as United States Federal enforcement priorities. The Corporation’s General Counsel works with external legal advisors in Florida, Massachusetts, California and Connecticut to ensure that the Corporation is in on-going compliance with applicable state laws.

In the United States, cannabis is largely regulated at the state level. Although each state in which the Corporation operates (and anticipates operating) authorizes, as applicable, medical and/or adult-use marijuana production and distribution by licensed or registered entities, and numerous other states have legalized marijuana in some form, under U.S. federal law, the possession, use, cultivation, and transfer of marijuana and any related drug paraphernalia remains illegal, and any such acts are criminal acts under U.S. federal law. Although the Corporation believes that its business activities are compliant with applicable state and local laws of the United States, strict compliance with state and local laws with respect to marijuana may neither absolve the Corporation of liability under U.S. federal law, nor provide a defense to any federal proceeding which may be brought against the Corporation. Any such proceedings brought against the Corporation may result in a material adverse effect on the Corporation.

### **Regulation of the Medical Cannabis Market in Florida**

In 2014, the Florida Legislature passed the Compassionate Use Act (the “**CUA**”) which was a low-THC (CBD) law, allowing cannabis containing not more than 0.8%THC to be sold to patients diagnosed with severe seizures or muscle spasms and cancer. The CUA created a competitive licensing structure and originally allowed for one vertically integrated license to be awarded in each of five regions. The CUA set forth the criteria for applicants as well as the minimum qualifying criteria which included the requirement to hold a nursery certificate evidencing the capacity to cultivate a minimum of 400,000 plants, to be operated by a nurseryman and to be a registered nursery for at least 30 continuous years. The CUA also created a state registry to track dispensations. In 2016, the Florida Legislature passed the Right to Try Act (the “**RTA**”), which expanded the State’s medical cannabis program to allow for full potency THC products to be sold as “medical marijuana” to qualified patients.

In November of 2016, the Florida Medical Marijuana Legalization ballot initiative (the “**Initiative**”) to expand the medical cannabis program under the RTA was approved by 71.3% of voters, thereby amending the Florida constitution. The Initiative is now codified as Article X, Section 29 of the Florida Constitution.

The Initiative expanded the list of qualifying medical conditions include cancer, epilepsy, glaucoma, HIV and AIDS, ALS, Crohn’s disease, Parkinson’s disease, multiple sclerosis, or other debilitating medical conditions of the same kind or class or comparable to those other qualifying conditions and for which a physician believes the benefits outweigh the risks to the patient. The Initiative also provided for the implementation of state-issued medical cannabis identification cards. In 2017, the Florida Legislature passed legislation implementing the constitutional amendment and further codifying the changes set forth in the constitution into law. The 2017 law provides for the issuance of 10 licenses to specific entities and another four licenses to be issued for every 100,000 active qualified patients added to the registry. The 2017 law also initially limited license holders to a maximum of 25 dispensary locations with the ability to purchase additional dispensary locations from one another, and for an additional five locations to be allowed by the State for every 100,000 active qualified patients added to the registry. The 2017 legislation’s cap on dispensing facilities expires in April 2020.

*Trulieve US License (the “Florida License”)*

Holding Entity	Permit/ License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Trulieve, Inc.	Medical Marijuana Treatment Center	Statewide	06/13/20	Cultivation, Processing/ Manufacturing, Dispensary, Transport

Under Florida law, a licensee is required to cultivate, process and dispense medical cannabis. Licenses are issued by the Florida Department of Health, Office of Medical Marijuana Use (the “**OMMU**”) and may be renewed biennially. Trulieve, Inc. received its most recent license renewal on June 13, 2018 and is classified as a Medical Marijuana Treatment Center (“**MMTC**”) under Florida law.

In Florida, there is no state-imposed limitation on the permitted size of cultivation or processing facilities, nor is there a limit on the number of plants that may be grown.

Under its license, the Corporation is permitted to sell cannabis to those patients who are entered into the State’s electronic medical marijuana use registry by a qualified physician and possess a state-issued medical marijuana identification card and a valid certification from the qualified physician. The physician determines patient eligibility as well as the routes of administration (e.g. topical, oral, inhalation) and the number of milligrams per day a patient is able to obtain under the program. The physician may order a certification for up to three 70-day supply limits of marijuana, following which the certification expires and a new certification must be issued by a physician. The number of milligrams dispensed, the category of cannabis (either low-THC or medical marijuana) and whether a delivery device such as a vaporizer has been authorized is all recorded in the registry for each patient transaction. In addition, smokable flower was approved by the legislature and signed into law in March 2019. Patients must obtain a specific recommendation from their physician to purchase smokable flower. The maximum amount a patient may obtain is 2.5 ounces (measured by weight) of smokable flower per 35-day supply.

The Corporation is authorized to sell a variety of products and, as of December 31, 2019, offers over 300 SKUs in various product categories for sale. Edible products were authorized by the Florida Legislature in 2017 pending rulemaking by the OMMU. The OMMU has held workshops regarding edibles but has not yet drafted the contemplated regulations. The use of hydrocarbon solvents for the extraction of products was also contemplated in the 2017 law and is also awaiting rulemaking by the OMMU.

Dispensaries may be located in any location zoned as appropriate for a pharmacy throughout the State of Florida as long as the local government has not expressly prohibited MMTC dispensaries in their respective municipality. Additionally, dispensaries must be located more than 500 feet from a public or private elementary, middle, or secondary school. Following the adoption of the cap on total dispensaries by each MMTC, as discussed above, the Corporation’s Florida licensee filed a claim in the Court for the Second Judicial Circuit in Leon County (the “**Court**”) challenging the dispensary cap and asking the Court



to disregard the dispensary locations the Corporation had open and/or applied for prior to the limitation becoming effective. On February 4, 2019, Trulieve announced that it had won its lawsuit in the trial court, with the Court ruling that Trulieve may open an additional 14 dispensary locations based on these locations having previously vested. Moreover, the Court ruled that in the alternative, the statutory caps placed on the number of dispensaries allowed across the state were not only unconstitutionally added after Amendment 2 had been approved by voters, but were also adversely impacting patient access. The Corporation has since settled its challenge with the Florida Department of Health. Trulieve's 14 dispensaries that were established before the statewide cap was enacted are now excluded from the statutory cap. The statutory cap expired in April 2020, thus neither Trulieve US nor its competitors in Florida are subject to restrictions on the number of dispensaries that may be opened. The Corporation currently has 45 approved dispensaries in the State of Florida. In addition, the Corporation's license allows it to deliver products directly to patients.

#### *Florida Reporting Requirements*

Florida law called for the OMMU to establish, maintain, and control a computer software tracking system that traces cannabis from seed to sale and allows real-time, 24-hour access by the OMMU to such data. The tracking system must allow for integration of other seed-to-sale systems and, at a minimum, include notification of certain events, including when marijuana seeds are planted, when marijuana plants are harvested and destroyed and when cannabis is transported, sold, stolen, diverted, or lost. Each medical marijuana treatment center shall use the seed-to-sale tracking system established by the OMMU or integrate its own seed-to-sale tracking system with the seed-to-sale tracking system established by the OMMU. At this time the OMMU has not implemented a statewide seed-to-sale tracking system and the Corporation utilizes its own system. Additionally, the OMMU also maintains a patient and physician registry and the licensee must comply with all requirements and regulations relative to the provision of required data or proof of key events to said system in order to retain its license. Florida requires all MMTCs to abide by representations made in their original application to the State of Florida or any subsequent variances to same. Any changes or expansions of previous representations and disclosures to the OMMU must be approved by the OMMU via an amendment or variance process.

#### *Florida Licensing Requirements*

Licenses issued by the OMMU may be renewed biennially so long as the licensee continues to meet the requirements of the Florida Statute 381.986 and pays a renewal fee. License holders can only own one license within the State of Florida. Applicants must demonstrate (and licensed MMTC's must maintain) that: (i) they have been registered to do business in the State of Florida for the previous five years, (ii) they possess a valid certificate of registration issued by the Florida Department of Agriculture & Consumer Services, (iii) they have the technical and technological ability to cultivate and produce cannabis, including, but not limited to, low-THC cannabis, (iv) they have the ability to secure the premises, resources, and personnel necessary to operate as an MMTC, (v) they have the ability to maintain accountability of all raw materials, finished products, and any by-products to prevent diversion or unlawful access to or possession of these substances, (vi) they have an infrastructure reasonably located to dispense cannabis to registered qualified patients statewide or regionally as determined by the OMMU, (vii) they have the financial ability to maintain operations for the duration of the two-year approval cycle, including the provision of certified financial statements to the OMMU, (viii) all owners, officers, board members and managers have passed a Level II background screening, inclusive of fingerprinting, (ix) they ensure that a medical director is employed to supervise the activities of the MMTC, and (x) they have a diversity plan and veterans plan accompanied by a contractual process for establishing business relationships with veterans and minority contractors and/or employees. Upon approval of the application by the OMMU, the applicant must post a performance bond of up to US \$5 million, which may be reduced to US \$2 million once the licensee has served 1,000 patients (which Trulieve has accomplished).

#### *Security and Storage Requirements for Cultivation, Processing and Dispensing Facilities in Florida*

Adequate outdoor lighting is required from dusk to dawn for all MMTC facilities. 24-hour per day video surveillance is required and all MMTCs must maintain at least a rolling 45-day period that is made available to law enforcement and the OMMU upon demand. Alarm systems must be active at all items for

all entry points and windows. Interior spaces must also have motion detectors and all cameras must have an unobstructed view of key areas. Panic alarms must also be available for employees to be able to signal authorities when needed.

In dispensaries, the MMTC must provide a waiting area with a sufficient seating area. There must also be a minimum of one private consultation/education room for the privacy of the patient(s) and their caregiver (if applicable). The MMTC may only dispense products between 7:00 am and 9:00 pm. All active products must be kept in a secure location within the dispensary and only empty packaging may be kept in the general area of the dispensary which is readily accessible to customers and visitors. No product or delivery devices may be on display in the waiting area.

An MMTC must at all times provide secure and logged access for all cannabis materials. This includes approved vaults or locked rooms. There must be at least two employees of the MMTC or an approved security provider on site at all times. All employees must wear proper identification badges and visitors must be logged in and wear a visitor badge while on the premises. The MMTC must report any suspected activity of loss, diversion or theft of cannabis materials within 24 hours of becoming aware of such an occurrence.

#### *Florida Transportation Requirements*

When transporting cannabis to dispensaries or to patients for delivery, a manifest must be prepared and transportation must be done using an approved vehicle. The cannabis must be stored in a separate, locked area of the vehicle and at all times while in transit there must be two people in a delivery vehicle. During deliveries, one person must remain with the vehicle. The delivery employees must at all times have identification badges. The manifest must include the following information: (i) departure date and time; (ii) name, address and license number of the originating MMTC; (iii) name and address of the receiving entity; (iv) the quantity, form and delivery device of the cannabis; (v) arrival date and time; (vi) the make, model and license plate of the delivery vehicle; and (vii) the name and signatures of the MMTC delivery employees. These manifests must be kept by the MMTC for inspection for up to three years. During the delivery, a copy of the manifest is also provided to the recipient.

#### *OMMU Inspections in Florida*

The OMMU may conduct announced or unannounced inspections of MMTC's to determine compliance with applicable laws and regulations. The OMMU is to inspect an MMTC upon receiving a complaint or notice that the MMTC has dispensed cannabis containing mold, bacteria, or other contaminants that may cause an adverse effect to humans or the environment. The OMMU is to conduct at least a biennial inspection of each MMTC to evaluate the MMTC's records, personnel, equipment, security, sanitation practices, and quality assurance practices.

### **Regulation of the Medical Cannabis Market in Massachusetts**

The Commonwealth of Massachusetts has authorized the cultivation, possession and distribution of marijuana for medical purposes by certain licensed Massachusetts marijuana businesses. The Medical Use of Marijuana Program (the "**MUMP**") registers qualifying patients, personal caregivers, Medical Marijuana Treatment Centers ("**MTCs**"), and MTC agents. MTCs were formerly known as Registered Marijuana Dispensaries ("**RMDs**"). The MUMP was established by Chapter 369 of the Acts of 2012, "An Act for the Humanitarian Medical Use of Marijuana", following the passage of the Massachusetts Medical Marijuana Initiative, Ballot Question 3, in the 2012 general election. Additional statutory requirements governing the MUMP were enacted by the Legislature in 2017 and codified at G.L. c. 94I, et. seq. (the "**Massachusetts Medical Act**"). MTC Certificates of Registration are vertically integrated licenses in that each MTC Certificate of Registration entitles a license holder to one cultivation facility, one processing facility and one dispensary locations. There is a limit of three MTC licenses per person/entity.

The Commonwealth of Massachusetts Cannabis Control Commission (the "**CCC**") regulations, 935 CMR 501.000 et seq. (the "**Massachusetts Medical Regulations**"), provide a regulatory framework that

requires MTCs to cultivate, process, transport and dispense medical cannabis in a vertically integrated marketplace. Patients with debilitating medical conditions qualify to participate in the program, including conditions such as cancer, glaucoma, positive status for human immunodeficiency virus (HIV), acquired immune deficiency virus (AIDS), hepatitis C, amyotrophic lateral sclerosis (ALS), Crohn’s disease, Parkinson’s disease, and multiple sclerosis (MS) when such diseases are debilitating, and other debilitating conditions as determined in writing by a qualifying patient’s healthcare provider.

The CCC assumed control of the MUMP from the Department of Public Health on December 23, 2018. The CCC approved revised regulations for the MUMP on September 24, 2019 and sent the regulations to the Secretary of State on October 18, 2019 for publication in the state’s register.

*Massachusetts Licensing Requirements (Medical)*

The Massachusetts Medical Regulations delineate the licensing requirements for MTCs in Massachusetts. Licensed entities must demonstrate the following: (i) they are licensed and in good standing with the Secretary of the Commonwealth of Massachusetts; (ii) no executive, member or any entity owned or controlled by such executive or member directly or indirectly controls more than three MTC licenses; (iii) an MTC may not cultivate medical cannabis from more than two locations statewide; (iv) MTC agents must be registered with the Massachusetts Cannabis Control Commission; (v) an MTC must have a program to provide reduced cost or free marijuana to patients with documented verifiable financial hardships; (vi) one executive of an MTC must register with the Massachusetts Department of Criminal Justice Information Services on behalf of the entity as an organization user of the Criminal Offender Record Information (CORI) system; (vii) the MTC applicant has at least \$500,000 in its control as evidenced by bank statements, lines of credit or equivalent; and (viii) payment of the required application fee.

In an MTC application, an applicant must also demonstrate or include: (i) the name, address date of birth and resumes of each executive of the applicant and of the members of the entity; (ii) a plan to obtain liability insurance coverage in compliance with statutes; (iii) detailed summary of the business plan for the MTC; (iv) an operational plan for the cultivation of marijuana including a detailed summary of policies and procedures; and (v) a detailed summary of the operating policies and procedures for the MTC including security, prevention of diversion, storage of marijuana, transportation of marijuana, inventory procedures, procedures for quality control and testing of product for potential contaminants, procedures for maintaining confidentiality as required by law, personnel policies, dispensing procedures, record keeping procedures, plans for patient education and any plans for patient or personal caregiver home delivery. An MTC applicant must also demonstrate that it has (i) a successful track record of running a business; (ii) a history of providing healthcare services or services providing marijuana for medical purposes in or outside of Massachusetts; (iii) proof of compliance with the laws of the Commonwealth of Massachusetts; (iv) complied with the laws and orders of the Commonwealth of Massachusetts; and (v) a satisfactory criminal and civil background. Finally, an MTC applicant must specify a cultivation tier for their license, which establishes the minimum and maximum square footage of canopy for their cultivation operation.

Upon the determination by the CCC that an MTC applicant has responded to the application requirements in a satisfactory fashion, the MTC applicant is required to pay the applicable registration fee and shall be issued a provisional certificate of registration (“PCR”). Trulieve’s wholly owned subsidiary, Life Essence, Inc. (“**Life Essence**”), holds the following PCRs.

*Massachusetts Licenses (Medical) (the “Massachusetts Licenses”)*

Holding Entity	Permit/ License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Life Essence	Provisional RMD Certificate of Registration	Holyoke, MA	12/6/20	Dispensary Cultivation/ Product Manufacturing Dispensary

Life Essence	Provisional RMD Certificate of Registration	Northampton, MA Holyoke, MA	12/6/20	Dispensary Cultivation/ Product Manufacturing Dispensary
Life Essence	Provisional RMD Certificate of Registration	Cambridge, MA Holyoke, MA	12/6/20	Dispensary Cultivation/ Product Manufacturing Dispensary

Thereafter, the CCC shall review architectural plans for the building of the MTC's cultivation facility and/or dispensing facilities, and shall either approve, modify or deny the same. Once approved, the MTC provisional license holder shall construct its facilities in conformance with the requirements of the Massachusetts Regulations. Once the CCC completes its inspections and issues approval for an MTC of its facilities, the CCC shall issue a final certificate of registration ("**FCR**") to the MTC applicant. FCRs are valid for one year, and shall be renewed by filing the required renewal application no later than sixty days prior to the expiration of the certificate of registration. A licensee may not begin cultivating marijuana until it has been issued an FCR by the CCC.

PCRs and FCRs in Massachusetts are renewed annually. Before expiry, licensees are required to submit a renewal application. While renewals are granted annually, there is no ultimate expiry after which no renewals are permitted. Additionally, in respect of the renewal process, provided that the requisite renewal fees are paid, the renewal application is submitted in a timely manner, and there are no material violations noted against the applicable license, Life Essence, Inc. would expect to receive the applicable renewed license in the ordinary course of business.

*Massachusetts Dispensary Requirements (Medical)*

An MTC shall follow its written and approved operation procedures in the operation of its dispensary locations. Operating procedures shall include (i) security measures in compliance with the Massachusetts Regulations; (ii) employee security policies including personal safety and crime prevention techniques; (iii) hours of operation and after-hours contact information; (iv) a price list for marijuana; (v) storage and waste disposal protocols in compliance with state law; (vi) a description of the various strains of marijuana that will be cultivated and dispensed, and the forms that will be dispensed; (vii) procedures to ensure accurate recordkeeping including inventory protocols; (viii) plans for quality control; (ix) a staffing plan and staffing records; (x) diversion identification and reporting protocols; and (xi) policies and procedures for the handling of cash on MTC premises including storage, collection frequency and transport to financial institutions. The siting of dispensary locations is expressly subject to local/municipal approvals pursuant to state law, and municipalities control the permitting application process that a MTC must comply with. More specifically, an MTC is to comply with all local requirements regarding siting, provided however that if no local requirements exist, an MTC shall not be sited within a radius of 500 feet of a school, daycare center, or any facility in which children commonly congregate. The 500-foot distance under this section is measured in a straight line from the nearest point of the facility in question to the nearest point of the proposed MTC. The Massachusetts Regulations require that MTCs limit their inventory of seeds, plants, and useable marijuana to reflect the projected needs of registered qualifying patients. An MTC may only dispense to a registered qualifying patient or caregiver who has a current valid certification.

*Massachusetts Security and Storage Requirements (Medical)*

An MTC is to implement sufficient security measures to deter and prevent unauthorized entrance into areas containing marijuana and theft of marijuana at the MTC. These measures must include: (i) allowing only registered qualifying patients, caregivers, dispensary agents, authorized persons, or approved outside contractors access to the MTC facility; (ii) preventing individuals from remaining on the premises of an MTC if they are not engaging in activities that are permitted; (iii) disposing of marijuana or by-products in compliance with law; (iv) establishing limited access areas accessible only to authorized personnel; (v) storing finished marijuana in a secure locked safe or vault; (vi) keeping equipment, safes, vaults or secured areas securely locked; (vii) ensuring that the outside perimeter of the MTC is sufficiently lit to facilitate surveillance; and (viii) ensuring that landscaping or foliage outside of the RMD does not allow a person to

conceal themselves. An MTC shall also utilize a security/alarm system that: (i) monitors entry and exit points and windows and doors, (ii) includes a panic/duress alarm, (iii) includes system failure notifications, (iv) includes 24-hour video surveillance of safes, vaults, sales areas, areas where marijuana is cultivated, processed or dispensed, and (v) includes date and time stamping of all records and the ability to produce a clear, color still photo. The video surveillance system shall have the capacity to remain operational during a power outage. The MTC must also maintain a backup alarm system with the capabilities of the primary system, and both systems are to be maintained in good working order and are to be inspected and tested on regular intervals.

#### *Massachusetts Transportation Requirements (Medical)*

Marijuana or marijuana-infused products (“MIPs”) may be transported between licensed MTCs by MTC agents on behalf of an MTC. MTCs or deliver-only retailers may, with CCC approval, transport marijuana or MIPS directly to registered qualifying patients and Caregivers as part of a home delivery program. An MTC shall staff transport vehicles with a minimum of two dispensary agents. At least one agent shall remain with the vehicle when the vehicle contains marijuana or MIPS. Prior to leaving the origination location, an MTC must weigh, inventory, and account for, on video, the marijuana to be transported.

Marijuana must be packaged in sealed, labeled, and tamper-proof packaging prior to and during transportation. In the case of an emergency stop, a log must be maintained describing the reason for the stop, the duration, the location, and any activities of personnel exiting the vehicle. An MTC shall ensure that delivery times and routes are randomized. Each MTC agent shall carry his or her CCC-issued MUMP ID Card when transporting marijuana or MIPS and shall produce it to CCC representatives or law enforcement officials upon request. Where videotaping is required when weighing, inventorying, and accounting of marijuana before transportation or after receipt, the video must show each product being weighed, the weight, and the manifest. An MTC must document and report any unusual discrepancy in weight or inventory to the CCC and local law enforcement within 24 hours. An MTC shall report to the CCC and local law enforcement any vehicle accidents, diversions, losses, or other reportable incidents that occur during transport, within 24 hours. An MTC shall retain transportation manifests for no less than one year and make them available to the CCC upon request. Any cash received from a qualifying patient or personal caregiver must be transported to an MTC immediately upon completion of the scheduled deliveries. Vehicles used in transportation must be owned, leased or rented by the MTC, be properly registered, and contain a GPS system that is monitored by the MTC during transport of marijuana and said vehicle must be inspected and approved by the CCC prior to use.

During transit, an MTC is to ensure that: (i) marijuana or MIPS are transported in a secure, locked storage compartment that is part of the vehicle transporting the marijuana or MIPS; (ii) the storage compartment cannot be easily removed (for example, bolts, fittings, straps or other types of fasteners may not be easily accessible and not capable of being manipulated with commonly available tools); (iii) marijuana or MIPS are not visible from outside the vehicle; and (iv) product is transported in a vehicle that bears no markings indicating that the vehicle is being used to transport marijuana or MIPS and does not indicate the name of the MTC. Each MTC agent transporting marijuana or MIPS shall have access to a secure form of communication with personnel at the origination location when the vehicle contains marijuana or MIPS.

#### *CCC Inspections (Medical)*

The CCC or its agents may inspect an MTC and affiliated vehicles at any time without prior notice. An MTC shall immediately upon request make available to the CCC information that may be relevant to a CCC inspection, and the CCC may direct an MTC to test marijuana for contaminants. Any violations found will be noted in a deficiency statement that will be provided to the MTC, and the MTC shall thereafter submit a Plan of Correction to the CCC outlining with particularity each deficiency and the timetable and steps to remediate the same. The CCC shall have the authority to suspend or revoke a certificate of registration in accordance with the applicable regulations.

## Regulation of the Adult-Use Cannabis Market in Massachusetts

Adult-use (recreational) marijuana has been legal in Massachusetts since December 15, 2016, following a ballot initiative in November of that year. The CCC licenses adult use cultivation, processing and dispensary facilities (collectively, “**Marijuana Establishments**”) pursuant to 935 CMR 500.000 et seq. The first adult-use marijuana facilities in Massachusetts began operating in November 2018. The CCC approved revised regulations for the adult-use program on September 24, 2019, and sent the regulations to the Secretary of State on October 18, 2019 for publication in the state’s register.

### *Massachusetts Licensing Requirements (Adult-Use)*

Many of the same application requirements exist for an adult-use Marijuana Establishment license application as to those for a medical MTC application, and each owner, officer or member must undergo background checks and fingerprinting with the CCC. Applicants must submit the location and identification of each site, and must establish a property interest in the same, and the applicant and the local municipality must have entered into a host agreement authorizing the location of the adult-use Marijuana Establishment within the municipality, and said agreement must be included in the application. Applicants must include disclosure of any regulatory actions against it by the Commonwealth of Massachusetts, as well as the civil and criminal history of the applicant and its owners, officers, principals or members. The application must include, amongst other information, the proposed timeline for achieving operations, liability insurance, business plan, and a detailed summary describing the Marijuana Establishment’s proposed operating policies including security, prevention of diversion, storage, transportation, inventory procedures, quality control, dispensing procedures, personnel policies, record keeping, maintenance of financial records, diversity plans, and employee training protocols.

### *Massachusetts Dispensary Requirements (Adult-Use)*

Marijuana retailers are subject to certain operational requirements in addition to those imposed on Marijuana Establishments generally. Dispensaries must immediately inspect patrons’ identification to ensure that everyone who enters is at least 21 years of age. Dispensaries may not dispense more than one ounce of marijuana or five grams of marijuana concentrate per transaction. Point-of-sale systems must be approved by the CCC, and retailers must record sales data. Records must be retained and available for auditing by the CCC and Department of Revenue.

Dispensaries must also make consumer education materials available to patrons. Such materials must include:

- A warning that marijuana has not been analyzed or approved by the FDA, that there is limited information on side effects, that there may be health risks associated with using marijuana, and that it should be kept away from children;
- A warning that when under the influence of marijuana, driving is prohibited and machinery should not be operated;
- Information to assist in the selection of marijuana, describing the potential differing effects of various strains of marijuana, as well as various forms and routes of administration;
- Materials offered to consumers to enable them to track the strains used and their associated effects;
- Information describing proper dosage and titration for different routes of administration, with an emphasis on using the smallest amount possible to achieve the desired effect;
- A discussion of tolerance, dependence, and withdrawal;

- Facts regarding substance abuse signs and symptoms, as well as referral information for substance abuse treatment programs;
- A statement that consumers may not sell marijuana to any other individual;
- Information regarding penalties for possession or distribution of marijuana in violation of Massachusetts law; and
- Any other information required by the CCC.

*Massachusetts Security and Storage Requirements (Adult-Use)*

Each Marijuana Establishment must implement sufficient safety measures to deter and prevent unauthorized entrance into areas containing marijuana and theft of marijuana at the establishment. Security measures taken by the establishments to protect the premises, employees, consumers and general public shall include, but not be limited to, the following:

- Positively identifying and limiting access to individuals 21 years of age or older who are seeking access to the Marijuana Establishment or to whom marijuana products are being transported;
- Adopting procedures to prevent loitering and ensure that only individuals engaging in activity expressly or by necessary implication are allowed to remain on the premises;
- Proper disposal of marijuana in accordance with applicable regulations;
- Securing all entrances to the Marijuana Establishment to prevent unauthorized access;
- Establishing limited access areas which shall be accessible only to specifically authorized personnel limited to include only the minimum number of employees essential for efficient operation;
- Storing all finished marijuana products in a secure, locked safe or vault in such a manner as to prevent diversion, theft or loss;
- Keeping all safes, vaults, and any other equipment or areas used for the production, cultivation, harvesting, processing or storage, including prior to disposal, of marijuana or marijuana products securely locked and protected from entry, except for the actual time required to remove or replace marijuana;
- Keeping all locks and security equipment in good working order;
- Prohibiting keys, if any, from being left in the locks or stored or placed in a location accessible to persons other than specifically authorized personnel;
- Prohibiting accessibility of security measures, such as combination numbers, passwords or electronic or biometric security systems, to persons other than specifically authorized personnel;
- Ensuring that the outside perimeter of the marijuana establishment is sufficiently lit to facilitate surveillance, where applicable;
- Ensuring that all marijuana products are kept out of plain sight and are not visible from a public place, outside of the marijuana establishment, without the use of binoculars, optical aids or aircraft;
- Developing emergency policies and procedures for securing all product following any instance of diversion, theft or loss of marijuana, and conduct an assessment to determine whether additional safeguards are necessary;

- Establishing procedures for safe cash handling and cash transportation to financial institutions to prevent theft, loss and associated risks to the safety of employees, customers and the general public;
- Sharing the Marijuana Establishment's floor plan or layout of the facility with law enforcement authorities, and in a manner and scope as required by the municipality and identifying when the use of flammable or combustible solvents, chemicals or other materials are in use at the Marijuana Establishment;
- Sharing the Marijuana Establishment's security plan and procedures with law enforcement authorities, including police and fire services departments, in the municipality where the Marijuana Establishment is located and periodically updating law enforcement authorities, police and fire services departments, if the plans or procedures are modified in a material way; and
- Marijuana must be stored in special limited access areas, and alarm systems must meet certain technical requirements, including the ability to record footage to be retained for at least 90 days.

#### *Massachusetts Transportation Requirements (Adult-Use)*

Marijuana products may only be transported between licensed Marijuana Establishments by registered Marijuana Establishment agents. A licensed marijuana transporter may contract with a Marijuana Establishment to transport that licensee's marijuana products to other licensed establishments. All transported marijuana products are linked to the seed-to-sale tracking program. Any marijuana product that is undeliverable or is refused by the destination Marijuana Establishment shall be transported back to the originating establishment. All vehicles transporting marijuana products shall be staffed with a minimum of two Marijuana Establishment agents. At least one agent shall remain with the vehicle at all times that the vehicle contains marijuana or marijuana products. Prior to the products leaving a Marijuana Establishment, the originating Marijuana Establishment must weigh, inventory, and account for, on video, all marijuana products to be transported. Within eight hours after arrival at the receiving Marijuana Establishment, the receiving establishment must re-weigh, re-inventory, and account for, on video, all marijuana products transported. Marijuana products must be packaged in sealed, labeled, and tamper or child-resistant packaging prior to and during transportation. In the case of an emergency stop during the transportation of marijuana products, a log must be maintained describing the reason for the stop, the duration, the location, and any activities of personnel exiting the vehicle. A Marijuana Establishment or a marijuana transporter transporting marijuana products is required to ensure that all transportation times and routes are randomized and remain within Massachusetts.

Vehicles must additionally be equipped with a video system that includes one or more cameras in the storage area of the vehicle and one or more cameras in the driver area of the vehicle. The video cameras must remain operational at all times during the transportation process and have the ability to produce a clear color still photo whether live or recorded, with a date and time stamp embedded and that do not significantly obscure the picture.

Vehicles used for transport must be owned or leased by the Marijuana Establishment or transporter, and they must be properly registered, inspected, and insured in Massachusetts. Marijuana may not be visible from outside the vehicle, and it must be transported in a secure, locked storage compartment. Each vehicle must have a global positioning system, and any agent transporting marijuana must have access to a secure form of communication with the originating location.

#### *CCC Inspections*

The CCC or its agents may inspect a Marijuana Establishment and affiliated vehicles at any time without prior notice in order to determine compliance with all applicable laws and regulations. All areas of a Marijuana Establishment, all Marijuana Establishment agents and activities, and all records are subject to such inspection. During an inspection, the CCC may direct a marijuana establishment to test marijuana



for contaminants as specified by the CCC, including but not limited to mold, mildew, heavy metals, plant-growth regulators, and the presence of pesticides not approved for use on marijuana by the Massachusetts Department of Agricultural Resources. Moreover, the CCC is authorized to conduct a secret shopper program to ensure compliance with all applicable laws and regulations.

### Regulation of the Marijuana Market in California

In 1996, California was the first state to legalize medical marijuana through Proposition 215, the Compassionate Use Act of 1996 (“**CUA**”). This provided an affirmative defense for defendants charged with the use, possession and cultivation of medical marijuana by patients with a physician recommendation for treatment of cancer, anorexia, AIDS, chronic pain, spasticity, glaucoma, arthritis, migraine, or any other illness for which marijuana provides relief. In 2003, Senate Bill 420 was signed into law, decriminalizing the use, possession, and collective cultivation of medical marijuana, and establishing an optional identification card system for medical marijuana patients.

In September 2015, the California legislature passed three bills collectively known as the “Medical Marijuana Regulation and Safety Act” (“**MCRSA**”). The MCRSA established a licensing and regulatory framework for medical marijuana businesses in California. The system created testing laboratories, and distributors. Edible infused product manufacturers would require either volatile solvent or non-volatile solvent manufacturing licenses depending on their specific extraction methodology. Multiple agencies would oversee different aspects of the program and businesses would require a state license and local approval to operate. However, in November 2016, voters in California overwhelmingly passed Proposition 64, the “Adult Use of Marijuana Act” (“**AUMA**”) creating an adult-use marijuana program for adult-use 21 years of age or older. In June 2017, the California State Legislature passed Senate Bill No. 94, known as Medicinal and Adult-Use Marijuana Regulation and Safety Act (“**MAUCRSA**”), which amalgamated MCRSA and AUMA to provide a set of regulations to govern the medical and adult-use licensing regime for marijuana businesses in the State of California. MAUCRSA went into effect on January 1, 2018. The three primary licensing agencies that regulate marijuana at the state level are the Bureau of Cannabis Control (“**BCC**”), California Department of Food and Agriculture (“**CDFA**”), and the California Department of Public Health (“**CDPH**”).

One of the central features of MAUCRSA is known as “local control.” In order to legally operate a medical or adult-use marijuana business in California, an operator must have both a local and state license. This requires license-holders to operate in cities or counties with marijuana licensing programs. Cities and counties in California are allowed to determine the number of licenses they will issue to marijuana operators, or, alternatively, can choose to ban marijuana licenses.

#### *California License Categories/ Types (the “California License”)*

Holding Entity	Permit/ License	City	Expiration/Renewal Date (if applicable) (MM/DD/YY)	Description
Leef Industries, LLC	Adult-Use Retailer	Palm Springs, CA	11/08/20	Dispensary

Once an operator obtains local approval, the operator must obtain state licenses before conducting any commercial marijuana activity. There are multiple license categories that cover all commercial activity. Categories include: (1) cultivation/nurseries, (2) testing laboratories, (3) distributors/transporters, (4) retailers, (5) microbusinesses, (6) event organizers, and (7) manufacturers. Categories of licenses are further broken down into subtypes. For example, there are multiple types of cultivation licenses available depending upon the size of the cultivation operation and whether the operation is indoors/outdoors or uses mixed lighting. Different manufacturing licenses are available depending upon whether volatile or non-volatile solvents are used. Retail licenses are available depending upon whether the retailer operates from a store-front or a non-store front.

#### *California Agencies Regulating the Commercial Cannabis Industry*

The CDFA oversees nurseries and cultivators; the CDPH oversees manufacturers, and the BCC oversees distributors, retailers, delivery services, and testing laboratories. Operators must apply to one or more of these agencies for their licenses, and each agency has released regulations specific to the operation of the types of businesses they oversee. The BCC has a number of regulations that apply to all licensees, but the CDFA and CDPH regulations only apply to the licensees in their charge.

### *The Marijuana Supply Chain in California*

In California, depending on a local government's own marijuana ordinances, plants may be cultivated outdoors, using mixed-light methods, or fully indoors. Cultivators must initially acquire seeds, clones, teens, or other immature plants from nurseries.

The cultivation, processing, and movement of marijuana within the state is tracked by the METRC system, into which all licensees are required to input their track and trace data (either manually or using another software that automatically uploads to METRC). Immature plants are assigned a Unique Identifier number ("**UID**"), and this number follows the flowers and biomass resulting from that plant through the supply chain, all the way to the consumer. Each licensee in the supply chain is required to meticulously log any processing, packaging, and sales associated with that UID.

When marijuana plants mature and complete their life cycle, they are harvested cured, and trimmed, in preparation of being sold to distributors or manufacturers. Cultivators have two main products: flowers, or "buds," and the biomass, or "trim," which is typically removed from the mature flowers. Trim is commonly sold to Manufacturers for further processing into cannabis extracts. Buds may also be sold to Manufacturers, or to Distributors for sale to Retailers. The Cultivator may package and label its marijuana flowers or may sell flower in bulk and the Distributor may package and label the flower.

Manufactured marijuana goods may be sold from a manufacturer to a Distributor but must be provided to Distributors in their final packaging. Distributors may not package manufactured marijuana goods. Certain tax rates apply to the marijuana flower and biomass, which are assessed per ounce of product sold. The California State excise tax is paid by the Cultivator to the Distributor, or alternatively the Manufacturer, and it is the Distributor that has the responsibility of tendering the excise taxes to the State of California.

Marijuana in California may only be transported by licensed distributors. Some cultivators and manufacturers have their own distribution licenses, and others contract with third party distributors. Distributors may or may not take possession of the marijuana and marijuana products. This has evolved in such a way that, similar to the alcohol distribution model, retailers are choosing from a portfolio of products carried by the Distributors they work with. Brands are doing some direct marketing to Retailers, but many Brands target their marketing to Distributors.

Distributors are the point in the supply chain where final quality assurance testing is performed on products before they go to a retailer. Retailers may not accept product without an accompanying certificate of analysis ("**COA**"). Distributors must hold product to be tested on their premises in "quarantine" and arrange for an employee of a licensed testing laboratory to come to their premises and obtain samples from any and all goods proposed to be shipped to a retailer. Marijuana and marijuana products are issued either a "pass" or "fail" by the testing laboratory. Under some circumstances, the BCC's regulations allow for failing product to be "remediated" or to be re-labeled to more accurately reflect the COA.

### *Retail Compliance in California*

California requires that certain warnings, images, and content information be printed on all marijuana packaging. BCC regulations also include certain requirements about tamper-evident and child-resistant packaging. Distributors and retailers are responsible for confirming that products are properly labeled and packaged before they are sold to a customer.

Consumers aged 21 and up may purchase marijuana in California from a dispensary with an “adult-use” license. Some localities still only allow medicinal dispensaries. Consumers aged 18 and up with a valid physician’s recommendation may purchase marijuana from a medicinal-only dispensary or an adult-use dispensary. Consumers without valid physician’s recommendations may not purchase marijuana from a medicinal-only dispensary. All marijuana businesses are prohibited from hiring employees under the age of 21.

### *Security Requirements*

Each local government in California has its own security requirements for cannabis businesses, which usually include comprehensive video surveillance, intrusion detection and alarms, and limited access areas in the dispensary. The State also has similar security requirements, including that there be limited-access areas where only employees and other authorized individuals may enter. All Licensee employees must wear employee badges. The limited access areas must be locked with “commercial-grade, nonresidential door locks on all points of entry and exit to the licensed premises.”

Each licensed premises must have a digital video surveillance system that can “effectively and clearly” record images of the area under surveillance. Cameras must be in a location that allows the camera to clearly record activity occurring within 20 feet of all points of entry and exit on the licensed premises. The regulations list specific areas which must be under surveillance, including places where cannabis goods are weighed, packed, stored, loaded, and unloaded, security rooms, and entrances and exits to the premises. Retailers must record point of sale areas on the video surveillance system.

Licensed retailers must hire security personnel to provide on-site security services for the licensed retail premises during hours of operation. All security personnel must be licensed by the Bureau of Security and Investigative Services.

California also has extensive record-keeping and track and trace requirements for all licensees.

### *Inspections*

All licensees are subject to annual and random inspections of their premises. Cultivators may be inspected by the California Department of Fish and Wildlife, the California Regional Water Quality Control Boards, and the California Department of Food and Agriculture. Manufacturers are subject to inspection by the California Department of Public Health, and Retailers, Distributors, Testing Laboratories, and Delivery services are subject to inspection by the Bureau of Cannabis Control. Inspections can result in notices to correct, or notices of violation, fines, or other disciplinary action by the inspecting agency.

### *Retail taxes in California*

Retailers generally must pay the excise tax to final distributors when they make wholesale purchases. These distributors then remit the retail excise taxes to the California Department of Tax Fee Administration (“**CDTFA**”), which administers State cannabis taxes. Retailers must make these payments before they sell the products to consumers, so the tax is based directly on the wholesale price (the price that retailers pay to distributors) rather than the retail price (the price that consumers pay to retailers). The CDTFA sets the tax based on its estimate of the average ratio of the average ratio of retail prices to wholesale prices—commonly known as a ‘markup’. CDTFA’s current markup estimate (as of January 1, 2020) is 80%. Due to the 15% statutory tax rate and the 80% markup estimate, the current effective tax rate on wholesale gross receipts is 27%.

In addition, the State taxes, cities and counties throughout California apply their own approaches to taxing cannabis. These approaches fall into three broad categories. First, many local governments impose the same tax rate on all cannabis businesses regardless of type. Second, many local governments impose higher tax rates on retailers than other types of cannabis businesses. Third, a few local governments license cannabis businesses but do not levy taxes specifically on cannabis. The California Legislative Analyst’s

Office estimates that the average cumulative local tax rate over the whole supply chain is roughly equivalent to a 14% tax on retail sales.

The Corporation currently owns a large majority of the issued and outstanding membership interests of Leef Industries, a licensed dispensary in the City of Palm Springs. Upon final regulatory approval by the State of California, the Corporation will take ownership of 100% of the issued and outstanding membership interests of Leef. The Corporation has and will only engage in transactions with other licensed California marijuana businesses and has a compliance officer to oversee dispensary operations in the State. The Corporation is developing standard operating procedures for this and future California holdings to ensure consistency and compliance across its California holdings. The Corporation and, to the best of the knowledge of the Corporation, Leef Industries, are in compliance with California's marijuana regulatory program.

### **Regulation of the Medical Cannabis Market in Connecticut**

The State of Connecticut has authorized cultivation, possession, and distribution of marijuana for medical purposes by certain licensed Connecticut marijuana businesses. The Medical Marijuana Program (the "**MMP**") registers qualifying patients, primary caregivers, Dispensary Facilities ("**DFs**"), and Dispensary Facility Employees ("**DFEs**"). The MMP was established by Connecticut General Statutes §§ 21a-408–21a-429. DFs and production facilities are separately licensed.

The MMP is administered by the Department of Consumer Protection (the "**DCP**"). Patients with qualifying debilitating medical conditions qualify to participate in the program, including patients with such conditions include but are not limited to cancer, glaucoma, positive status for human immunodeficiency virus (HIV) or acquired immune deficiency syndrome (AIDS), Parkinson's disease, or multiple sclerosis (MS). A physician or advanced practice registered nurse must issue a written certification for an MMP patient, and the qualifying patient or caregiver must choose one designated DF where the patient's marijuana will be obtained.

#### *Connecticut Licensing Requirements*

In Connecticut, marijuana may not be produced or dispensed without the appropriate license. The DCP determines how many facility licenses to issue based on the size and location of the DFs in operation, the number of qualifying patients registered with the DCP, and the convenience and economic benefits to qualifying patients.

When the DCP determines that additional licenses for DFs should be granted, it publishes a notice of open applications for DF licenses. This notice must include the maximum number of licenses to be granted, the deadline for receipt of applications, and the criteria that will be considered when awarding the licenses. Such criteria must include character and fitness of any person who may have control or influence over the operation of the proposed DF; the location for the proposed DF; the applicant's ability to maintain adequate controls against the diversion, theft, or loss of marijuana; the applicant's ability to maintain the knowledge, understanding, judgment, procedures, security controls and ethics to ensure optimal safety and accuracy in the dispensing and sale of marijuana; and the extent to which the applicant or any of the applicant's DF backers have a financial interest in another licensee, registrant, or applicant.

Applicants for DF licenses must identify, among other things, the proposed DF location, financial statements, criminal background check applications for the applicant and applicant's backers, a plan to prevent theft and diversion, and a blueprint of the proposed DF. An application for a DF license also requires the payment of a \$5,000 fee. If approved, the licensee must pay an additional \$5,000 before receiving its license. The decision of the DCP's Commissioner (the "**Commissioner**") not to award a DF license to an applicant is final.

*Connecticut Licenses (the “Connecticut License”)*

<b>Holding Entity</b>	<b>Permit/ License</b>	<b>City</b>	<b>Expiration/Renewal Date (if applicable) (MM/DD/YY)</b>	<b>Description</b>
Trulieve Bristol Inc.	Medical Marijuana Dispensary Facility License	Bristol	04/15/21	Dispensary

*Connecticut Dispensary Facility Requirements*

A DF may not dispense marijuana from, obtain marijuana from, or transfer marijuana to, a location outside of the state of Connecticut. DFs are limited to the following modes of obtaining, delivering, transferring, transporting, and selling marijuana:

- A DF may acquire marijuana from a producer;
- A DF may dispense and sell marijuana to a qualifying patient or primary caregiver registered to their facility and who is registered with the DCP;
- A DF may dispense or sell to a research program subject pursuant to the protocols of a research program approved by the Commissioner;
- A DF may transfer, distribute, deliver, transport, or sell to a research program employee pursuant to the protocols of a research program approved by the Commissioner;
- A DF may transfer, distribute, deliver or transport to a hospice or other inpatient care facility licensed by the Department of Public Health that has a protocol for handling and distributing marijuana that has been approved by the DCP; and
- A DF may transfer, distribute, deliver or transport marijuana to an approved laboratory.

Only a pharmacist licensed as a dispensary may dispense marijuana, and only a dispensary or dispensary technician may sell marijuana to qualifying patients, primary caregivers, or research program subjects who are registered with the DCP. A DF may not engage in marijuana compounding, except that a dispensary may dilute a medical marijuana product with a USP grade substance with no active ingredient for the purposes of dose titration, tapering, for the addition of a flavoring agent, or to create a maintenance dose that is not available from any producer at the time of purchase. No person associated with a DF may enter into any agreement with a certifying health care provider or health care facility concerning the provision of services or equipment that may adversely affect any person’s freedom to choose the DF at which the qualifying patient or primary caregiver will purchase marijuana, except in the case of an approved research program.

All DFEs must, at all times while at the DF, have their current dispensary license, dispensary technician registration or DFE registration available for inspection by the Commissioner or the DCP. The DF shall establish, implement and adhere to a written alcohol-free, drug-free and smoke-free workplace policy, which must be available to the DCP upon request. Marijuana may not be applied, ingested, or consumed inside a DF.

Each DF must make publicly available the price of all its marijuana products to prospective qualifying patients and primary caregivers. All marijuana must be sold in child-resistant, sealed containers except upon a written request from the qualifying patient or primary caregiver. No marijuana may be sold without the producer label. All products sold to the qualifying patient or primary caregiver must be placed in an opaque package that shall not indicate the contents of the package, the originating facility or in any other way cause another person to believe that the package may contain marijuana. Each DF must also provide information to qualifying patients and primary caregivers regarding the possession and use of marijuana. The DF manager must submit all informational material to the Commissioner for approval prior to such information being provided to qualifying patients and primary caregivers.

### *Connecticut Security and Storage Requirements*

All facilities must have an adequate security system to prevent and detect loss of marijuana. These systems must use commercial grade equipment, including perimeter alarms, motion detectors, video cameras with 24-hour recordings (which must be retained for at least 30 days), silent alarms, panic alarms, a failure notification system, and the ability to remain operational during a power outage. Each facility must also have a back-up alarm system approved by the Commissioner. The outside perimeter of every facility must be well-lit. All equipment must be kept in good working order and tested at least twice per year.

A DF must:

- Not maintain marijuana in excess of the quantity required for normal, efficient operation;
- Store all marijuana in an approved safe or approved vault and in such a manner as to prevent diversion, theft or loss;
- Maintain all marijuana in a secure area or location accessible only to specifically authorized employees, which shall include only the minimum number of employees essential for efficient operation;
- Keep all approved safes and approved vaults securely locked and protected from entry, except for the actual time required to remove or replace marijuana;
- Keep all locks and security equipment in good working order;
- Keep the dispensary department securely locked and protected from entry by unauthorized employees; and
- Post a sign at all entry ways into any area of the DF containing marijuana stating, "Do Not Enter - Limited Access Area - Access Limited to Authorized Employees Only." All deliveries must be carried out under the direct supervision of a pharmacist licensed as a dispensary, who must be present to accept the delivery. Upon delivery, the marijuana must immediately be placed in an approved safe or approved vault within the dispensary.

No person may enter the area where marijuana is dispensed and sold unless such person is licensed or registered by the DCP; such person's responsibilities necessitate access to the dispensary department and then for only as long as necessary to perform the person's job duties; or such person has a patient or caregiver registration certificate, in which case such person must not be permitted behind the service counter or in other areas where marijuana is stored.

### *Connecticut Transportation Requirements*

Prior to transporting any marijuana or marijuana product, a DF must complete a shipping manifest using a form prescribed by the Commissioner and securely transmit a copy of the manifest to the laboratory, research program location, hospice, or other inpatient care facility that will receive the products and to the DCP at least 24 hours prior to transport. These manifests must be maintained and made available to the DCP. Marijuana may only be transported in a locked, secure storage compartment that is part of the vehicle transporting the marijuana. This compartment may not be visible from outside the vehicle. Routes must be randomized.

All transport vehicles must be staffed with a minimum of two employees. At least one delivery team member is required to remain with the vehicle at all times that the vehicle contains marijuana. A delivery team member must have access to a secure form of communication with employees at the originating facility at all times that the vehicle contains marijuana. A delivery team member must physically possess a department-issued identification card at all times when transporting or delivering marijuana and must produce it to the Commissioner or law enforcement official upon request.

No marijuana may be sold, dispensed or distributed via a delivery service or any other manner outside of a DF, except that a primary caregiver may deliver marijuana to the caregiver's qualified patient

and a DFE may deliver to a hospice or other inpatient care facility licensed by the Department of Public Health that has a protocol for handling and distributing marijuana that has been approved by the DCP.

#### *Inspections by the Commissioner*

All documents required to be kept by a facility must be maintained in an auditable format for no less than three years. These records must be provided to the Commissioner or an authorized delegate immediately upon request. Additionally, the Commissioner and authorized delegates may enter any place, including a vehicle, where marijuana is held, produced, or otherwise handled, and inspect in a reasonable manner such place and all pertinent items and documents within it.

#### *Compliance with Applicable State Law in the United States*

The Corporation is classified as having a “direct” involvement in the United States cannabis industry and is in compliance with applicable United States state law and related licensing requirements and the regulatory framework enacted by the State of Florida, the State of California and the Commonwealth of Massachusetts. The Corporation is not subject to any citations or notices of violation with applicable licensing requirements and the regulatory frameworks which may have an impact on its licenses, business activities or operations. The Corporation uses reasonable commercial efforts to ensure that its business is in compliance with applicable licensing requirements and the regulatory frameworks enacted by Florida, Massachusetts and California, through the advice of its Compliance Department, which monitors and reviews its business practices and changes to U.S. Federal enforcement priorities. The Corporation’s General Counsel works with external legal advisors in Florida, Massachusetts and California to ensure that the Corporation is in on-going compliance with applicable state law.

The Corporation will continue to ensure it is in compliance with applicable licensing requirements and the regulatory framework enacted in states where it conducts business by continuous review of its licenses and affirmation certifications from management. The Corporation has state and local regulatory/compliance counsel engaged in every jurisdiction in which it operates. The Corporation oversees training for all employees, including on the following topics:

- compliance with state and local laws
- dispensing procedures
- security and safety policies and procedures
- inventory control
- quality control
- transportation procedures

The Corporation’s training program emphasizes security and inventory control to ensure strict monitoring of cannabis and inventory from delivery to sale or disposal. Only authorized, properly trained employees are allowed to access the Corporation’s computerized seed- to-sale system. All Trulieve facilities are monitored 24-hours a day, seven days a week. The Corporation’s Director of Security monitors all security risks, both internal and external, to ensure patient and employee safety as well as to deter diversion. The Corporation’s Director of Security oversees all security personnel including armed personnel at each dispensary location and at all processing and cultivation facilities.

The Corporation monitors all compliance notifications from the regulators and inspectors in each market, in an effort to resolve any issues identified on a timely basis. The Corporation keeps records of all compliance notifications received from the state regulators or inspectors and how and when the issue was resolved.

Further, the Corporation has created comprehensive standard operating procedures that include detailed descriptions and instructions for receiving shipments of inventory, inventory tracking, recordkeeping and record retention practices related to inventory, as well as procedures for performing inventory reconciliation and ensuring the accuracy of inventory tracking and recordkeeping. The Corporation maintains records of its inventory at all licensed facilities. Adherence to the Corporation’s

standard operating procedures is mandatory and ensures that the Corporation's operations are compliant with the rules set forth by the applicable state and local laws, regulations, ordinances, licenses and other requirements. Trulieve ensures adherence to standard operating procedures by regularly conducting internal inspections and is committed to ensuring any issues identified are resolved quickly and thoroughly.

In order to comply with industry best practices, despite the rescission of the Cole Memorandum, the Corporation continues to do the following to ensure compliance with the guidance provided by the Cole Memorandum:

- Ensure the operations are compliant with all licensing requirements that are set forth with regards to cannabis operation by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions. To this end, the Corporation retains appropriately experienced legal counsel to conduct the necessary due diligence to ensure compliance of such operations with all applicable regulations;
- The activities relating to cannabis business adhere to the scope of the licensing obtained, for example, in Florida only medical cannabis is permitted and therefore the products are only sold to patients who have the appropriate recommendation in the state registry and have a valid state-issued medical identification card;
- The Corporation only works through licensed operators, which must pass a range of requirements, adhere to strict business practice standards and be subjected to strict regulatory oversight whereby sufficient checks and balances ensure that no revenue is distributed to criminal enterprises, gangs and cartels; and
- The Corporation conducts reviews of products and product packaging to ensure that the products comply with applicable regulations and contain necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving

The Corporation will continue to monitor compliance on an ongoing basis in accordance with its compliance program and standard operating procedures. While the Corporation's operations are in full compliance with all applicable state laws, regulations and licensing requirements, such activities remain illegal under United States federal law. For the reasons described above and the risks further described in *Risk Factors* below, there are significant risks associated with the business of the Corporation. See *Risk Factors*.

#### *Ability to Access Public and Private Capital*

Given the current laws regarding cannabis at the federal level in the United States, traditional bank financing is typically not available to United States cannabis companies. Specifically, the federal illegality of marijuana in the United States means that financial transactions involving proceeds generated by cannabis-related conduct can form the basis for prosecution under money laundering statutes, the unlicensed money transmitter statute and the *Bank Secrecy Act* (the "**BSA**"). As a result, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept their business. Banks who do accept deposits from cannabis-related businesses in the United States must do so in compliance with the Cole Financial Crime Memo and the FinCEN Memo, each dated February 14th, 2014. The Cole Financial Crime Memo states that prosecutors should apply the enforcement priorities of the Cole Memorandum in determining whether to charge individuals or institutions with crimes related to financial transactions involving the proceeds of marijuana-related conduct. The FinCen Memo provides guidelines to banks on how to accept deposits from cannabis-related businesses while remaining compliant with the BSA. The Financial Crime Enforcement Network has not rescinded the FinCEN Memo following the United States Department of Justice's January 4, 2018 announcement rescinding the Cole Memorandum.

Trulieve US has banking relationships with two Florida state-chartered banks for deposits and payroll, however Trulieve, Inc. does not have access to traditional bank financing.

Trulieve has been successful at raising capital privately and raised over \$22 million prior to the closing of the SR Offering. Pursuant to the SR Offering, the Corporation raised approximately C\$65 million.



Pursuant to the June Units and November Units, the Corporation raised US\$131 million. The Corporation expects to generate adequate cash to fund its continuing operations. The Corporation's business plan includes aggressive growth, both in the form of additional acquisitions and through facility expansion and improvements. Accordingly, the Corporation expects to raise additional capital. There can be no assurance that additional financing will be available to the Corporation when needed or on terms which are acceptable. See *Risk Factors*.

## **RISK FACTORS**

### **Cannabis is Illegal under Federal United States Law**

Investors are cautioned that in the United States, cannabis is largely regulated at the State level. Although each State in which Trulieve operates (and is currently proposing to operate) authorizes, as applicable, medical and/or adult-use cannabis production and distribution by licensed or registered entities, and numerous other States have legalized cannabis in some form, under U.S. federal law, the possession, use, cultivation, and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts under federal law under any and all circumstances under the CSA. The concepts of "medical cannabis", "retail cannabis" and "adult-use cannabis" do not exist under U.S. federal law. Marijuana is a Schedule I controlled substance under the CSA. Under U.S. federal law, a Schedule I drug or substance has a high potential for abuse, no accepted medical use in the United States, and a lack of safety for the use of the drug under medical supervision. Although Trulieve believes that its business activities are compliant with applicable state and local laws of the United States, strict compliance with state and local laws with respect to cannabis may neither absolve the Corporation of liability under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against the Corporation. Any such proceedings brought against the Corporation may result in a material adverse effect on the Corporation. Trulieve derives 100% of its revenues from the cannabis industry in certain States, which industry is illegal under United States federal law. Even where the Corporation's cannabis-related activities are compliant with applicable State and local law, such activities remain illegal under United States federal law. The enforcement of relevant laws is a significant risk.

Violations of any United States federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions or settlements arising from civil proceedings conducted by either the United States federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. This could have a material adverse effect on the Corporation, including its reputation and ability to conduct business, its holding (directly or indirectly) of medical and adult-use cannabis licenses in the United States, its financial position, operating results, profitability or liquidity or the market price of its publicly-traded shares. In addition, it will be difficult for the Corporation to estimate the time or resources that would be needed for the investigation of any such matters or its final resolution because, in part, the time and resources that may be needed are dependent on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial.

### **United States Regulatory Uncertainty**

The activities of the Corporation are subject to regulation by governmental authorities. The Corporation's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products in each jurisdiction in which it operates. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Corporation. Furthermore, although the operations of the Corporation are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Corporation's ability to import, distribute or, in the future, produce marijuana. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of marijuana, or more stringent implementation thereof could have a substantial adverse impact on the Corporation.

## **The Cannabis Industry is Relatively New**

The Corporation is operating in a relatively new industry and market. In addition to being subject to general business risks, it must continue to build brand awareness in this industry and market share through significant investments in its strategy, production capacity, quality assurance and compliance with regulations. Research in Canada, the United States and internationally regarding the medical benefits, viability, safety, efficacy and dosing of cannabis or isolated cannabinoids, such as CBD and THC, remains in relatively early stages. Few clinical trials on the benefits of cannabis or isolated cannabinoids have been conducted. Future research and clinical trials may draw opposing conclusions to statements contained in the articles, reports and studies currently favored, or could reach different or negative conclusions regarding the medical benefits, viability, safety, efficacy, dosing or other facts and perceptions related to medical cannabis, which could adversely affect social acceptance of cannabis and the demand for the Corporation's products and dispensary services.

Accordingly, there is no assurance that the cannabis industry and the market for medicinal and/or adult-use cannabis industry will continue to exist and grow as currently estimated or anticipated or function and evolve in the manner consistent with management's expectations and assumptions. Any event or circumstance that adversely affects the cannabis industry, such as the imposition of further restrictions on sales and marketing or further restrictions on sales in certain areas and markets could have a material adverse effect on the Corporation's business, financial condition and results of operations.

## **The Corporation's Ability to Grow Its Medical And Recreational Cannabis Product Offerings And Dispensary Services May Be Limited**

As the Corporation introduces or expands its medical and recreational cannabis product offerings and dispensary services, it may incur losses or otherwise fail to enter certain markets successfully. The Corporation's expansion into new markets may place it in competitive and regulatory environments with which it is unfamiliar and involves various risks, including the need to invest significant resources and the possibility that returns on such investments will not be achieved for several years, if at all. In attempting to establish such new product offerings or dispensary services, the Corporation may incur significant expenses and face various other challenges, such as expanding its work force and management personnel to cover these markets and complying with complicated cannabis regulations that apply to these markets, both at the state and federal level. In addition, the Corporation may not successfully demonstrate the value of these product offerings and dispensary services to consumers, and failure to do so would compromise its ability to successfully expand into these additional revenue streams.

## **The Corporation May Acquire Other Companies Or Technologies**

The Corporation's success will depend, in part, on its ability to grow its business in response to the demands of consumers and other constituents within the cannabis industry as well as competitive pressures. In some circumstances, the Corporation may determine to do so through the acquisition of complementary businesses rather than through internal development. The identification of suitable acquisition candidates can be difficult, time-consuming, and costly, and the Corporation may not be able to successfully complete identified acquisitions. The risks the Corporation faces in connection with acquisitions include:

- diversion of management time and focus from operating its business to addressing acquisition integration challenges;
- coordination of research and development and sales and marketing functions;
- retention of employees from the acquired company;
- cultural challenges associated with integrating employees from the acquired company into its organization;
- integration of the acquired company's accounting, management information, human resources, and other administrative systems;

- the need to implement or improve controls, procedures, and policies at a business that prior to the acquisition may have lacked effective controls, procedures, and policies;
- potential write-offs of intangibles or other assets acquired in such transactions that may have an adverse effect on its operating results in a given period;
- liability for activities of the acquired company before the acquisition, including patent and trademark infringement claims, violations of laws, commercial disputes, tax liabilities, and other known and unknown liabilities; and
- litigation or other claims in connection with the acquired company, including claims from terminated employees, consumers, former stockholders, or other third parties.

The Corporation's failure to address these risks or other problems encountered in connection with its future acquisitions and investments could cause the Corporation to fail to realize the anticipated benefits of these acquisitions or investments, cause it to incur unanticipated liabilities, and harm its business generally. Future acquisitions could also result in dilutive issuances of the Corporation's equity securities, the incurrence of debt, contingent liabilities, amortization expenses, or the impairment of goodwill, any of which could harm its financial condition. Also, the anticipated benefits of any acquisitions may not materialize to the extent the Corporation anticipates or at all.

### **Management of Growth**

The Corporation may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Corporation to deal with this growth may have a material adverse effect on the Corporation's business, financial condition, results of operations or prospects.

### **Anti-Money Laundering Laws and Access to Banking**

In February 2014, the Financial Crimes Enforcement Network ("**FinCEN**") bureau of the United States Treasury Department issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis business, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the DOJ, FinCEN or other federal regulators. Thus, most banks and other financial institutions do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time by the Trump Administration. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, the Corporation may have limited or no access to banking or other financial services in the United States, and may have to operate the Corporation's United States business on an all-cash basis. The inability or limitation in the Corporation's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments, may make it difficult for the Corporation to operate and conduct its business as planned. The Corporation is actively pursuing alternatives that ensure its operations will continue to be compliant with the FinCEN guidance and existing disclosures around cash management and reporting to the IRS once it moves from development into production.

The Corporation is also subject to a variety of laws and regulations in the United States that involve money laundering, financial recordkeeping and proceeds of crime, including the Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act), and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the United States.

In the event that any of the Corporation's operations, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such operations in the United States were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This

could restrict or otherwise jeopardize the ability of the Corporation to declare or pay dividends or effect other distributions.

### **Re-Classification of Cannabis or Changes in United States Controlled Substance Laws and Regulations**

If cannabis is re-categorized as a Schedule II or lower controlled substance, the ability to conduct research on the medical benefits of cannabis would most likely be more accessible; however, if cannabis is re-categorized as a Schedule II or other controlled substance, the resulting re-classification would result in the need for approval by the FDA if medical claims are made for the Corporation's products, such as medical cannabis. As a result, the manufacture, importation, exportation, domestic distribution, storage, sale and use of such products may be subject to a significant degree of regulation by the DEA. In that case, Trulieve may be required to be registered (licensed) to perform these activities and have the security, control, recordkeeping, reporting and inventory mechanisms required by the DEA to prevent drug loss and diversion. Obtaining the necessary registrations may result in delay of the manufacturing or distribution of the Corporation's products. The DEA conducts periodic inspections of certain registered establishments that handle controlled substances. Failure to maintain compliance could have a material adverse effect on the Corporation's business, financial condition and results of operations. The DEA may seek civil penalties, refuse to renew necessary registrations, or initiate proceedings to restrict, suspend or revoke those registrations. In certain circumstances, violations could lead to criminal proceedings.

### **Potential FDA Regulation**

Should the United States federal government legalize cannabis, it is possible that the FDA, would seek to regulate it under the Food, Drug and Cosmetics Act of 1938. Additionally, the FDA may issue rules and regulations including good manufacturing practices related to the growth, cultivation, harvesting and processing of medical cannabis. Clinical trials may be needed to verify efficacy and safety. It is also possible that the FDA would require that facilities where medical-use cannabis is grown register with the agency and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, the impact on the cannabis industry is uncertain, including what costs, requirements, and possible prohibitions may be imposed. If the Corporation is unable to comply with the regulations or registration as prescribed by the FDA it may have an adverse effect on the Corporation's business, operating results, and financial condition

### **United States Border Entry**

Because cannabis remains illegal under United States federal law, those investing in Canadian companies with operations in the United States cannabis industry could face detention, denial of entry or lifetime bans from the United States for their business associations with United States cannabis businesses. Entry happens at the sole discretion of CBP officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a non-US citizen or foreign national. The government of Canada has started warning travelers on its website that previous use of cannabis, or any substance prohibited by United States federal laws, could mean denial of entry to the United States. Business or financial involvement in the cannabis industry in the United States could also be reason enough for United States border guards to deny entry. On September 21, 2018, CBP released a statement outlining its current position with respect to enforcement of the laws of the United States. It stated that Canada's legalization of cannabis will not change CBP enforcement of United States laws regarding controlled substances and because cannabis continues to be a controlled substance under United States law, working in or facilitating the proliferation of the legal marijuana industry in U.S. states where it is deemed legal may affect admissibility to the United States. On October 9, 2018, CBP released an additional statement regarding the admissibility of Canadian citizens working in the legal cannabis industry. CBP stated that a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada coming into the United States for reasons unrelated to the cannabis industry will generally be admissible to the United States; however, if such person is found to be coming into the United States for reasons related to the cannabis industry, such person may be deemed inadmissible. As a result, CBP has affirmed that, employees, directors, officers, managers and investors of companies involved in business activities related to cannabis

in the United States (such as Trulieve), who are not United States citizens face the risk of being barred from entry into the United States for life.

### **Heightened Scrutiny of Cannabis Companies in Canada and the United States**

The Corporation's existing operations in the United States, and any future operations, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in the United States and Canada.

Given the heightened risk profile associated with cannabis in the United States, CDS may implement procedures or protocols that would prohibit or significantly impair the ability of CDS to settle trades for companies that have cannabis businesses or assets in the United States.

On February 8, 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("**TMX MOU**") with Aequitas NEO Exchange Inc., the CSE, the Toronto Stock Exchange, and the TSX Venture Exchange. The TMX MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures, and regulatory oversight of the exchanges and CDS as it relates to issuers with cannabis-related activities in the United States. The TMX MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the United States. However, there can be no assurances given that this approach to regulation will continue in the future. If such a ban were to be implemented, it would have a material adverse effect on the ability of holders of the Subordinate Voting Shares to settle trades. In particular, the Subordinate Voting Shares would become highly illiquid as until an alternative was implemented, investors would have no ability to effect a trade of the Subordinate Voting Shares through the facilities of a stock exchange.

### **The Corporation expects to incur significant ongoing costs and obligations related to its investment in infrastructure, growth, regulatory compliance and operations**

The Corporation expects to incur significant ongoing costs and obligations related to its investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on the Corporation's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the Corporation's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of the Corporation. The Corporation's efforts to grow its business may be more costly than expected, and the Corporation may not be able to increase its revenue enough to offset its higher operating expenses. The Corporation may incur significant losses in the future for a number of reasons, including unforeseen expenses, difficulties, complications and delays, and other unknown events. If the Corporation is unable to achieve and sustain profitability, the market price of the securities of the Corporation may significantly decrease.

### **Settlement by Securityholders Resident in the United States**

Given the heightened risk profile associated with cannabis in the United States, capital markets participants may be unwilling to assist with the settlement of trades for U.S. resident securityholders of companies with operations in the United States cannabis industry which may prohibit or significantly impair the ability of securityholders in the United States to trade the securities of the Corporation. In the event residents of the United States are unable to settle trades of securities of the Corporation, this may affect the pricing of such securities in the secondary market, the transparency and availability of trading prices and the liquidity of these securities.

### **COVID-19 Pandemic**

The Corporation's business could be materially and adversely affected by the outbreak of a widespread epidemic or pandemic or other public health crisis, including arising from the novel strain of the coronavirus known as "COVID-19."

A local, regional, national or international outbreak of a contagious virus, including the novel coronavirus, COVID-19 could cause staff shortages, reduced customer traffic, supply shortages, and increased government regulation all of which may negatively impact the business, financial condition and results of operations of the Company.

In late 2019, COVID-19 was first detected in Wuhan, China. Since then, the virus has spread to over 100 countries. During March 2020, many governments ordered all but certain essential businesses closed and imposed significant limitations on the circulation of the populace. Furthermore, certain illnesses may be transmitted through human or surface contact, and the risk of contracting such illnesses could cause employees and customers to avoid gathering in public places, as was the case in many places during February and March 2020 due to concerns about the coronavirus. This could not only adversely affect store traffic, but also the Corporation's ability to adequately staff and supply its stores. The Corporation could be adversely affected if governments under which it or its suppliers operate impose mandatory closures, seek voluntary closures, or impose restrictions on operations of stores.

At the time this Annual Information Form is prepared, the Corporation cautions that its business could be materially and adversely affected by the risks, or the public perception of the risks, related to the COVID-19 pandemic. The risk of a pandemic, or public perception of such a risk, could cause customers to avoid public places, including retail properties, and could cause temporary or long-term disruptions in the Corporation's supply chains and/or delays in the delivery of its products. Further, such risks could also adversely affect the Corporation's customers' financial condition, resulting in reduced spending for the products it sells. Moreover, an epidemic, pandemic, outbreak or other public health crisis, such as COVID-19, could cause employees to avoid the Corporation's properties, which could adversely affect its ability to adequately staff and manage its businesses. "Shelter-in-place" or other such orders by governmental entities could also disrupt the Corporation's operations, if employees who cannot perform their responsibilities from home are not able to report to work. Risks related to an epidemic, pandemic or other health crisis, such as COVID-19, could also lead to the complete or partial closure of one or more of the Corporation's stores, facilities or operations of its partners. Although the Corporation's medical dispensaries may be considered essential services and therefore be allowed to remain operational, its adult-use operations may not be allowed to remain open during the COVID-19 crisis. For example, Massachusetts Governor, Charlie Baker on March 23, 2020 issued an order declaring adult-use dispensaries non-essential, and thereby requiring all adult-use dispensaries to stop sales.

The ultimate extent of the impact of any epidemic, pandemic or other health crisis on the Corporation's business, financial condition and results of operations will depend on future developments, which are highly uncertain and cannot be predicted, including new information that may emerge concerning the severity of such epidemic, pandemic or other health crisis and actions taken to contain or prevent their further spread, among others. These and other potential impacts of an epidemic, pandemic or other health crisis, such as COVID-19, could therefore materially and adversely affect the Corporation's business, financial condition and results of operations.

### **Unfavorable Tax Treatment of Cannabis Businesses**

Under Section 280E ("**Section 280E**") of the United States Internal Revenue Code of 1986, as amended (the "**U.S. Tax Code**"), "no deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted." This provision has been applied by the United States Internal Revenue Service to cannabis operations, prohibiting them from deducting expenses directly associated with the sale of cannabis. Section 280E, therefore, has a significant impact on the retail side of cannabis, but a lesser impact on cultivation and manufacturing operations. A result of Section 280E is that

an otherwise profitable business may, in fact, operate at a loss, after taking into account its United States income tax expenses.

### **United States Tax Classification of the Corporation**

The Corporation, which is a Canadian Corporation, generally would be classified as a non-United States Corporation under general rules of United States federal income taxation. Section 7874 of the U.S. Tax Code, however, contains rules that can cause a non-United States Corporation to be taxed as a United States Corporation for United States federal income tax purposes. Under section 7874 of the U.S. Tax Code, a Corporation created or organized outside the United States. (i.e., a non-United States Corporation) will nevertheless be treated as a United States Corporation for United States federal income tax purposes (such treatment is referred to as an “**Inversion**”) if each of the following three conditions are met (i) the non-United States Corporation acquires, directly or indirectly, or is treated as acquiring under applicable United States Treasury Regulations, substantially all of the assets held, directly or indirectly, by a United States Corporation, (ii) after the acquisition, the former stockholders of the acquired United States Corporation hold at least 80% (by vote or value) of the shares of the non-United States Corporation by reason of holding shares of the United States acquired Corporation, and (iii) after the acquisition, the non-United States Corporation’s expanded affiliated group does not have substantial business activities in the non- United States Corporation’s country of organization or incorporation when compared to the expanded affiliated group’s total business activities (clauses (i) – (iii), collectively, the “**Inversion Conditions**”).

For this purpose, “expanded affiliated group” means a group of corporations where (i) the non-United States corporation owns stock representing more than 50% of the vote and value of at least one member of the expanded affiliated group, and (ii) stock representing more than 50% of the vote and value of each member is owned by other members of the group. The definition of an “expanded affiliated group” includes partnerships where one or more members of the expanded affiliated group own more than 50% (by vote and value) of the interests of the partnership.

The Corporation intends to be treated as a United States Corporation for United States federal income tax purposes under section 7874 of the U.S. Tax Code and is expected to be subject to United States federal income tax on its worldwide income. However, for Canadian tax purposes, the Corporation is expected, regardless of any application of section 7874 of the U.S. Tax Code, to be treated as a Canadian resident company (as defined in the Tax Act) for Canadian income tax purposes. As a result, the Corporation will be subject to taxation both in Canada and the United States which could have a material adverse effect on its financial condition and results of operations.

### **Lack of Access to United States Bankruptcy Protections**

Because cannabis is a Schedule I controlled substance under the CSA, many courts have denied cannabis businesses federal bankruptcy protections, making it difficult for lenders to be made whole on their investments in the cannabis industry in the event of a bankruptcy. If the Corporation were to experience a bankruptcy, there is no guarantee that United States federal bankruptcy protections would be available to the Corporation, which would have a material adverse effect on the Corporation and may make it more difficult to obtain debt financing.

### **The Corporation is a Holding Corporation**

The Corporation is a holding company and essentially all of its assets are the capital stock of its subsidiaries. The Corporation currently conducts substantially all of its business through Trulieve US, which currently generates substantially all of the Corporation’s revenues. Consequently, the Corporation’s cash flows and ability to complete current or desirable future growth opportunities are dependent on the earnings of Trulieve US and the other subsidiaries of the Corporation and the distribution of those earnings to the Corporation. The ability of Trulieve US and the other subsidiaries of the Corporation to pay dividends and other distributions will depend on such subsidiaries’ operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained by a subsidiary company and contractual restrictions contained in the instruments governing any current or future indebtedness of

the Corporation's subsidiaries. In the event of a bankruptcy, liquidation or reorganization of Trulieve US or another of the Corporation's subsidiaries, holders of indebtedness and trade creditors of any such subsidiary may be entitled to payment of their claims from the assets of such subsidiary before the Corporation or its stockholders would be entitled to any payment or residual assets.

### **Inability to Enforce Contracts**

It is a fundamental principle of law that a contract will not be enforced if it involves a violation of law or public policy. Because cannabis remains illegal at a federal level in the United States, judges in multiple states have on a number of occasions refused to enforce contracts for the repayment of money when the loan was used in connection with activities that violate United States federal law, even if there is no violation of state law. There remains doubt and uncertainty that the Corporation will be able to legally enforce contracts it enters into if necessary. The Corporation cannot be assured that it will have a remedy for breach of contract, which would have a material adverse effect on the Corporation.

### **Competition**

The Corporation may face increasing and intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Corporation. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Corporation.

If the number of users of medical marijuana in the United States increases, the demand for products will increase and the Corporation expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, the Corporation will require a continued level of investment in research and development, marketing, sales and client support. The Corporation may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Corporation.

The Corporation's industry is experiencing rapid growth and consolidation that may cause the Corporation to lose key relationships and intensify competition. The cannabis industry is undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. Acquisitions or other consolidating transactions could harm the Corporation in a number of ways, including losing customers, revenue and market share, or forcing the Corporation to expend greater resources to meet new or additional competitive threats, all of which could harm the Corporation's operating results. As competitors enter the market and become increasingly sophisticated, competition in the Corporation's industry may intensify and place downward pressure on retail prices for its products and services, which could negatively impact its profitability.

### **Limitations on Ownership of Licenses**

In certain states, the cannabis laws and regulations limit not only the number of cannabis licenses issued, but also the number of cannabis licenses that one person may own in that state. For example, in Massachusetts, no person may have an ownership interest, or control over, more than three medical licenses or three adult-use licenses in any category – for example, cultivation, product manufacturing, transport or retail. Such limitations on the acquisition of ownership of additional licenses within certain states may limit the Corporation's ability to grow organically or to increase its market share in such states.

### **The Cannabis Industry is Difficult to Forecast**

The Corporation must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the cannabis industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations, financial condition or prospects of the



Corporation. Reliable data on the medical and adult-use cannabis industry is not available. As a result of recent and ongoing regulatory and policy changes in the medical and adult-use cannabis industry, the market data available is limited and unreliable. United States federal and state laws prevent widespread participation and hinder market research. Therefore, market research and projections by the Corporation of estimated total retail sales, demographics, demand, and similar consumer research, are based on assumptions from limited and unreliable market data, and generally represent the personal opinions of the Corporation's management team as of the date of this AIF.

### **Voting Control**

As a result of the Super Voting Shares of the Corporation that they hold, the Founders (as such term is defined herein) exercise a significant majority of the voting power in respect of the Corporation's outstanding shares. The Subordinate Voting Shares are entitled to one vote per share, Multiple Voting Shares are entitled to 100 votes per share, and the Super Voting Shares are entitled to 200 votes per share. As a result, the holders of the Super Voting Shares have the ability to control the outcome of all matters submitted to the Corporation's shareholders for approval, including the election and removal of directors and any arrangement or sale of all or substantially all of the assets of the Corporation.

This concentrated control could delay, defer, or prevent a change of control of the Corporation, arrangement or amalgamation involving the Corporation or sale of all or substantially all of the assets of the Corporation that its other shareholders support. Conversely, this concentrated control could allow the holders of the Super Voting Shares to consummate such a transaction that the Corporation's other shareholders do not support.

### **Agricultural Risks**

The Corporation's business involves the growing of medical and adult-use cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although all such growing is expected to be completed indoors under climate controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

### **Energy Cost**

The Corporation's cannabis growing operations will consume considerable energy, which will make it vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the Corporation's business and its ability to operate profitably.

### **Future Acquisitions or Dispositions Bear Inherent Risks**

Material acquisitions, dispositions and other strategic transactions involve a number of risks, including: (i) potential disruption of the Corporation's ongoing business; (ii) distraction of management; (iii) the Corporation may become more financially leveraged; (iv) the anticipated benefits and cost savings of those transactions may not be realized fully or at all or may take longer to realize than expected; (v) increased scope and complexity of the Corporation's operations; and (vi) loss or reduction of control over certain of the Corporation's assets. Additionally, the Corporation may issue additional Subordinate Voting Shares in connection with such transactions, which would dilute a shareholder's holdings in the Corporation. The presence of one or more material liabilities of an acquired company that are unknown to the Corporation at the time of acquisition could have a material adverse effect on the business, results of operations, prospects and financial condition of the Corporation. A strategic transaction may result in a significant change in the nature of the Corporation's business, operations and strategy. In addition, the Corporation may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into the Corporation's operations.

### **Intellectual Property Risks**

As long as cannabis remains illegal under United States federal law as a Schedule I controlled substance pursuant to the CSA, the benefit of certain federal laws and protections which may be available to most businesses, such as federal trademark and patent protection regarding the intellectual property of a US business, may not be available to the Corporation. As a result, the Corporation's intellectual property may never be adequately or sufficiently protected against the use or misappropriation by third-parties. In addition, since the regulatory framework of the cannabis industry is in a constant state of flux, the Corporation can provide no assurance that it will ever obtain any protection of its intellectual property, whether on a federal, state or local level.

### **Risk of Civil Asset Forfeiture**

Because the cannabis industry remains illegal under United states federal law, any property owned by participants in the cannabis industry which are either used in the course of conducting such business, or are the proceeds of such business, could be subject to seizure by law enforcement and subsequent civil asset forfeiture. Even if the owner of the property were never charged with a crime, the property in question could still be seized and subject to an administrative proceeding by which, with minimal due process, it could be subject to forfeiture.

### **Dependence on Personnel**

The Corporation will depend on key managerial personnel for its continued success and the Corporation's anticipated growth may require additional expertise and the addition of new qualified personnel. The loss of the services of existing personnel, as well as the failure to recruit additional key managerial personnel in a timely manner, or at all, could harm the Corporation's business development programs, and the Corporation's ability to manage day-to-day operations, attract collaboration partners, attract and retain other employees, generate revenues, and could have a material adverse effect on the Corporation's business, financial condition and results of operations.

### **Greater Risk of Audits**

Based on anecdotal information, the Corporation believes there is a greater likelihood that the Internal Revenue Service will audit cannabis-related businesses, including the Corporation. Any such audit could result in the Corporation paying additional tax, interest and penalties, as well as incremental accounting and legal expenses.

### **Liability Claims and other Legal Proceedings**

As a distributor of products designed to be ingested by humans, the Corporation faces an inherent risk of exposure to product liability claims, regulatory action and litigation if its products are alleged to have caused significant loss or injury. The Corporation may be subject to various product liability claims, including, among others, that the Corporation's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning possible side effects or interactions with other substances. A product liability claim or regulatory action against the Corporation, whether or not successful, could result in increased costs, could adversely affect the Corporation's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of the Corporation.

The Corporation may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Corporation becomes involved be determined against the Corporation, such a decision could adversely affect the Corporation's ability to continue operating and the market price for the Subordinate Voting Shares. Even if the Corporation is involved in litigation and wins, litigation can redirect significant company resources.

### **Consumer Perception**

The Corporation believes the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of medical marijuana distributed to such consumers. Consumer perception of the Corporation's products may be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medical marijuana products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medical marijuana market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for the Corporation's products and the business, results of operations, financial condition and cash flows.

### **Product Recalls**

Manufacturers and distributors of products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labelling disclosure. If any of the Corporation's products are recalled due to an alleged product defect or for any other reason, the Corporation could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. The Corporation may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. Although the Corporation has detailed procedures in place for testing its products, there can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if one of the Corporation's significant brands were subject to recall, the image of that brand and the Corporation could be harmed. A recall for any of the foregoing reasons could lead to decreased demand for the Corporation's products and could have a material adverse effect on the results of operations and financial condition of the Corporation. Additionally, product recalls may lead to increased scrutiny of the Corporation's operations by Health Canada or other regulatory agencies, requiring further management attention and potential legal fees and other expenses.

### **Security Risks**

Given the nature of the Corporation's product and its lack of legal availability outside of channels approved by the Government of the United States, as well as the concentration of inventory in its facilities, despite meeting or exceeding all legislative security requirements, there remains a risk of shrinkage as well as theft. A security breach at one of the Corporation's facilities could expose the Corporation to additional liability and to potentially costly litigation, increase expenses relating to the resolution and future prevention of these breaches and may deter potential patients from choosing the Corporation's products.

In addition, the Corporation collects and stores personal information about its patients and is responsible for protecting that information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. Theft of data for competitive purposes, particularly patient lists and preferences, is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such theft or privacy breach would have a material adverse effect on the Corporation's business, financial condition and results of operations.

The Corporation's operations will depend, in part, on how well it protects its networks, equipment, information technology ("IT") systems and software against damage from a number of threats, including, natural disasters, intentional damage and destruction, fire, power loss, hacking, computer viruses, vandalism and theft. The Corporation's operations will also depend on the timely maintenance, upgrade and replacement of networks, equipment, IT systems and software, as well as preemptive expenses to mitigate the risks of failures. Any of these and other events could result in information system failures, delays and/or increase in capital expenses. The failure of information systems or a component of

information systems could, depending on the nature of any such failure, adversely impact the Corporation's reputation and results of operations.

### **Unpredictability Caused by Anticipated Capital Structure and Voting Control**

Although other Canadian-based companies have dual class or multiple voting share structures, given the capital structure of the Corporation and the concentration of voting control held by the holders of the Super Voting Shares, this structure and control could result in a lower trading price for, or greater fluctuations in, the trading price of the Corporation's Subordinate Voting Shares or adverse publicity to the Corporation or other adverse consequences.

### **Sales of Substantial Amounts of Subordinate Voting Shares**

Sales of substantial amounts of Subordinate Voting Shares, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Subordinate Voting Shares. A decline in the market prices of the Subordinate Voting Shares could impair the Corporation's ability to raise additional capital through the sale of securities should it desire to do so.

### **Volatile market price for the Subordinate Voting Shares**

The market price for the Subordinate Voting Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which will be beyond the Corporation's control, including, but not limited to, the following: (i) actual or anticipated fluctuations in the Corporation's quarterly results of operations; recommendations by securities research analysts; (ii) changes in the economic performance or market valuations of companies in the cannabis industry; (iii) addition or departure of the Corporation's executive officers and other key personnel; (iv) release or expiration of transfer restrictions on the issued and outstanding shares of the Corporation; (v) regulatory changes affecting the cannabis industry generally and the business and operations of the Corporation; (vi) announcements of developments and other material events by the Corporation or its competitors; (vii) fluctuations to the costs of vital production materials and services; (viii) changes in global financial markets and global economies and general market conditions, such as interest rates and pharmaceutical product price volatility; (ix) significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Corporation or its competitors; (x) operating and share price performance of other companies that investors deem comparable to the Corporation or from a lack of market comparable companies; (xi) false or negative reports issued by individuals or companies who have taken aggressive short sale positions; and (xii) news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Corporation's industry or target markets.

Financial markets have experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Subordinate Voting Shares may decline even if the Corporation's operating results, underlying asset values or prospects have not changed.

These factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Corporation's operations could be adversely impacted, and the trading price of the Subordinate Voting Shares may be materially adversely affected.

### **Liquidity**

The Corporation's Subordinate Voting Shares are listed for trading on the CSE under the trading symbol "TRUL." The liquidity of any market for the shares of the Corporation's Subordinate Voting Shares will depend on a number of factors, including:

- the number of stockholders;
- its operating performance and financial condition;
- the market for similar securities;
- the extent of coverage by securities or industry analysts; and
- the interest of securities dealers in making a market in the shares.

The market price for the Corporation's Subordinate Voting Shares may be highly volatile and could be subject to wide fluctuations. In addition, the price of shares of the Corporation's Subordinate Voting Shares could decline significantly if its future operating results fail to meet or exceed the expectations of market analysts and investors and actual or anticipated variations in its quarterly operating results could negatively affect its share price.

Other factors may also contribute to volatility of the price of the Corporation's Subordinate Voting Shares and could subject its Subordinate Voting Shares to wide fluctuations. These include:

- developments in the financial markets and worldwide or regional economies;
- announcements of innovations or new products or services by it or its competitors;
- announcements by the government relating to regulations that govern its industry;
- significant sales of its Subordinate Voting Shares or other securities in the open market;
- variations in interest rates;
- changes in the market valuations of other comparable companies; and
- changes in accounting principles.

### **Indebtedness**

The ability of The Corporation to make certain payments or advances will be subject to applicable laws and contractual restrictions in the instruments governing any indebtedness of the Corporation, including the June Notes and the November Notes. The degree to which the Corporation is leveraged could have important consequences, including: (i) the Corporation's ability to obtain additional financing for working capital, capital expenditures, or acquisitions may be limited; and (ii) all or part of the Corporation's cash flow from operations may be dedicated to the payment of the principal of and interest on the Corporation's indebtedness, thereby reducing funds available for operations. These factors may adversely affect the Corporation's cash flow. The Corporation's inability to generate sufficient cash flow to satisfy its debt obligations, or to refinance its indebtedness on commercially reasonable terms or at all, may materially and adversely affect the Corporation's business, results of operations, and financial condition.

### **Management of Growth**

The Corporation may be subject to growth-related risks, including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Corporation to deal with this growth may have a material adverse effect on the Corporation's business, financial condition, results of operations or prospects.

### **Increased Costs as a Result of Being a Public Corporation**

As a public issuer, the Corporation is subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which the Corporation's securities may be listed from time to time. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations will increase the Corporation's legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on its personnel, systems and resources, which could adversely affect its business, financial condition, and results of operations.

## **The Corporation May Lose Its Foreign Private Issuer Status Under U.S. Securities Law**

The Corporation is currently a foreign private issuer under U.S. securities law, and therefore, it is not required to comply with all of the periodic disclosure and current reporting requirements of the U.S. Exchange Act. The determination of foreign private issuer status is made annually on the last business day of an issuer's most recently completed second fiscal quarter. The Corporation would lose its foreign private issuer status if, for example, more than 50% of its ordinary shares are directly or indirectly held by residents of the United States and it fails to meet additional requirements necessary to maintain its foreign private issuer status. If the Corporation loses its foreign private issuer status, it will be required to file with the United States Securities and Exchange Commission (the "SEC") periodic reports and registration statements on U.S. domestic issuer forms, which are more detailed and extensive than the forms currently available to the Corporation. The Corporation will also have to mandatorily comply with U.S. federal proxy requirements, and its officers, directors and principal shareholders will become subject to the short-swing profit disclosure and recovery provisions of Section 16 of the Exchange Act. In addition, the Corporation will lose its ability to rely upon exemptions from certain corporate governance requirements under the Nasdaq listing rules. As a U.S. listed public company that is not a foreign private issuer, the Corporation will incur significant additional legal, accounting and other expenses that it does not incur as a foreign private issuer. These rules and regulations could also make it more difficult for the Corporation to attract and retain qualified members of the Corporation's board of directors and more expensive to procure director and officer liability insurance.

## **Conflicts of Interest**

Certain of the directors and officers of the Corporation are, or may become directors and officers of other companies, and conflicts of interest may arise between their duties as directors and officers of the Corporation and as directors and officers of such other companies.

## **Insurance Coverage**

The Corporation has obtained insurance coverage with respect to workers' compensation, general liability, directors' and officers' insurance, fire and other similar policies customarily obtained for businesses to the extent commercially appropriate; however, because the Corporation is engaged in and operates within the cannabis industry, there are exclusions and additional difficulties and complexities associated with such insurance coverage that could cause the Corporation to suffer uninsured losses, which could adversely affect the Corporation's business, results of operations, and profitability. There is no assurance that the Corporation will be able to obtain insurance coverage at a reasonable cost or fully utilize such insurance coverage, if necessary.

## **Reliance on Key Utility Services**

The Corporation's business is dependent on a number of key inputs and their related costs including raw materials and supplies related to its growing operations, as well as electricity, water and other local utilities. Any significant interruption or negative change in the availability or economics of the supply chain for key inputs could materially impact the business, financial condition and operating results of the Corporation. Any inability to secure required supplies and services or to do so on appropriate terms could have a materially adverse impact on the business, financial condition and operating results of the Corporation.

## **Difficulty in Enforcing Judgments and Effecting Service of Process on Directors and Officers**

The directors and officers of the Corporation reside outside of Canada. Some or all of the assets of such persons may be located outside of Canada. Therefore, it may not be possible for the shareholders of the Corporation to collect or to enforce judgments obtained in Canadian courts predicated upon the civil liability provisions of applicable Canadian securities laws against such persons. Moreover, it may not be possible for the shareholders of the Corporation to effect service of process within Canada upon such persons.

## Community Redevelopment Agency Investigation

In 2015, the United States Grand Jury for the North District of Florida began an investigation in to alleged corruption by local officials in Tallahassee, Florida. In June 2017, the grand jury issued subpoenas to the City of Tallahassee and the Community Redevelopment Agency (the “**Agency**”) for records of communications, bids for proposals, applications, and more from approximately two dozen business entities and individuals, including Ms. Rivers, the Chief Executive Officer of the Corporation, her husband, J.T. Burnette, and Inkbridge LLC, a business associated with Ms. Rivers. The grand jury also directly subpoenaed Ms. Rivers for information related to her involvement with the Agency, a specific commissioner of the Agency, and political contributions Ms. Rivers made through an associated business. Ms. Rivers timely complied with the subpoena. Ms. Rivers has not been charged with any crime. No information was requested of Ms. Rivers in her capacity as an officer, director or employee of the Corporation. Ms. Rivers promptly disclosed the subpoena to the Board and agreed to notify the Board of further developments. Upon disclosure, the Board met independently to consider the matter, the allegations raised thereunder and Ms. Rivers’ response to same. In addition, a member of the Board retained counsel to investigate the matter. Based on such review, counsel to the Board member concluded Ms. Rivers was not a target of the investigation. The Board considered the impact of any potential liability in allowing Ms. Rivers to continue as Chief Executive Officer of the Corporation in the face of the investigation and determined that no independent, formal investigation or further action was warranted at the time based on its understanding of the facts as represented by Ms. Rivers. The Corporation remains confident the investigation does not relate to the Corporation or Ms. Rivers’ conduct as a director, officer or employee thereof and believes that Ms. Rivers has complied with all requests made of her to date pursuant to the investigation. The investigation however remains ongoing. While there can be no assurances given with respect to the outcome of the investigation, no government official has contacted Ms. Rivers or the Corporation as part of the investigation since Ms. Rivers produced documents in response to the subpoena in June, 2017. Ms. Rivers’ counsel contacted the federal prosecutor supervising the investigation in July, 2018, who stated Ms. Rivers was currently not a target of the investigation. The Corporation does not know what impact, if any, this investigation will have on the Corporation’s future efforts to maintain and obtain licenses in Florida or elsewhere. Any negative impact on the Corporation’s Florida license could have a material adverse effect on the Corporation’s business, revenues, operating results and financial condition. It is the Corporation’s goal to create patients loyal to the Corporation’s brand and in return to provide these patients a superior level of customer service and product selection. Any allegation of wrong doing on the part of Ms. Rivers as a result of the Agency investigation could harm the Corporation’s reputation with its customers and could have a material adverse effect on the Corporation’s business, revenues, operating results and financial condition as well as the Corporation’s reputation, even if the Agency investigation was concluded successfully in favour of Ms. Rivers. In addition, in the event the Agency investigation results in any allegation of wrongdoing or otherwise further targets Ms. Rivers, Ms. Rivers may be unable to continue serving as Chief Executive Officer and director of the Corporation. Qualified individuals within the cannabis industry are in high demand and the Corporation may incur significant costs to attract and retain qualified management personnel. The loss of the services of Ms. Rivers, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Corporation’s ability to execute on its business plan and strategy, and the Corporation may be unable to find an adequate replacement on a timely basis. Upon the occurrence of certain events that would be considered to negatively impact Ms. Rivers’ involvement with the Corporation, including her becoming a target of the investigation, Ms. Rivers has agreed to convert any Super Voting Shares controlled by her into Multiple Voting Shares.

## DIVIDENDS AND DISTRIBUTIONS

The Corporation has not declared distributions on Subordinate Voting Shares in the past. In addition, the Note Indenture governing the 2024 Notes contains covenants that, among other things, limit the ability of the Corporation to declare or pay dividends or make certain other payments. The Corporation currently intends to reinvest all future earnings to finance the development and growth of its business. As a result, the Corporation does not intend to pay dividends on Subordinate Voting Shares in the foreseeable future. Any future determination to pay distributions will be at the discretion of the board of directors of the Corporation (“**Board**”) and will depend on the financial condition, business environment, operating results, capital requirements, any contractual restrictions on the payment of distributions (including the Note

Indenture) and any other factors that the Board deems relevant. Other than the Note indenture, the Corporation is not bound or limited in any way to pay dividends in the event that the Board determined that a dividend was in the best interest of its shareholders.

## DESCRIPTION OF CAPITAL STRUCTURE

### Description of the Corporation's Securities

The Corporation is authorized to issue an unlimited number of Subordinate Voting Shares, an unlimited number of Multiple Voting Shares and an unlimited number of Super Voting Shares. The outstanding capital of the Corporation as of March 31, 2020 consists of: (i) 35,871,672 Subordinate Voting Shares; (ii) 66,614 Multiple Voting Shares, (iii) 678,133 Super Voting Shares, and (iv) 11,814,872 Warrants. In addition, the Corporation has \$130 million aggregate principal amount of 2024 Notes (as defined below) outstanding.

#### Subordinate Voting Shares

**Voting Rights.** Holders of the Subordinate Voting Shares are entitled to notice of and to attend any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation 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.

**Alteration to Rights of Subordinate Voting Shares.** As long as any Subordinate Voting Shares remain outstanding, the Corporation may not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Subordinate Voting Shares.

**Dividends.** Holders of Subordinate Voting Shares are entitled to receive as and when declared by the directors, dividends in cash or property of the Corporation. No dividend will be declared or paid on the Subordinate Voting Shares unless the Corporation 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.

**Liquidation, Dissolution or Winding-Up.** In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of Subordinate Voting Shares are, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Subordinate Voting Shares, entitled to participate rateably along with all other holders of Multiple Voting Shares (on an as-converted to Subordinate Voting Share basis), Subordinate Voting Shares and Super Voting Shares (on an as-converted to Subordinate Voting Share basis).

**Rights to Subscribe; Pre-Emptive Rights.** Holders of Subordinate Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Corporation now or in the future.

**Subdivision or Consolidation.** No subdivision or consolidation of the Subordinate Voting Shares, Multiple Voting Shares or Super Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares are subdivided or consolidated in the same manner or such other adjustment is made so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

#### Super Voting Shares

**Voting Rights.** Holders of Super Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation shall have the right to vote. At each such meeting, holders of Super



Voting Shares are be 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).

**Alteration to Rights of Super Voting Shares.** As long as any Super Voting Shares remain outstanding, the Corporation may not, without the consent of the holders of the Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Super Voting Shares. Consent of the holders of a majority of the outstanding Super Voting Shares is required for any action that authorizes or creates shares of any class having preferences superior to or on a parity with the Super Voting Shares. In connection with the exercise of the voting rights in respect of any proposed alteration of rights, each holder of Super Voting Shares has one vote in respect of each Super Voting Share held.

**Dividends.** 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 Subordinated 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 Corporation 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.

**Liquidation, Dissolution or Winding-Up.** In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, holders of Super Voting Shares are, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Super Voting Shares, entitled to participate rateably along with all other holders of Super Voting Shares (on an as-converted to Subordinate Voting Share basis), Subordinate Voting Shares and Multiple Voting Shares (on an as-converted to Subordinate Voting Share basis).

**Rights to Subscribe; Pre-Emptive Rights.** Holders of Super Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Corporation now or in the future.

**Conversion.** Holders of Super Voting Shares Holders have the following conversion rights (the “**Conversion Rights**”):

- (i) **Right to Convert.** Each Super Voting Share is convertible, at the option of the holder thereof, at any time after the date of issuance of such share at the office of the Corporation or any transfer agent for such shares, into such number of fully paid and non-assessable Multiple Voting Shares as is determined by multiplying the number of Super Voting Shares by the Conversion Ratio applicable to such share, determined as hereafter provided, in effect on the date the Super Voting Share is surrendered for conversion. 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.
- (ii) **Automatic Conversion.** A Super Voting Share will automatically be converted (without further action by the holder thereof) into one Multiple Voting Share upon the transfer by the holder thereof to anyone other than another Founder, an immediate family member of a Founder or a transfer for purposes of estate or tax planning to a company or person that is wholly beneficially owned by a Founder or immediate family members of a Founder or which a Founder or immediate family members of a Founder are the sole beneficiaries thereof (the “**Transfer Conversion**”). In addition, each Super Voting Share held by a particular a Founder will automatically be converted without further action by the holder thereof into Multiple Voting Shares at the Conversion Ratio for each Super Voting Share held if at any time the aggregate number of issued and outstanding Super Voting Shares beneficially owned, directly or indirectly, by that Founder and that Founder’s predecessor or transferor, permitted transferees and permitted successors, divided by the number of Super Voting Shares beneficially owned, directly or indirectly, by that Founder (and the Founder’s predecessor or transferor, permitted transferees and permitted successors) as at the date of completion of the Business Combination is less than 50% (the “**Threshold Conversion**”).

Each Super Voting Share will also automatically be converted (the “**Sunset Conversion**” and together with the Transfer Conversion and Threshold Conversion, the “**SVS Mandatory Conversion**”), without further action by the holder thereof, into Multiple Voting Shares at the Conversion Ratio for each Super Voting Share held on the date that is 30 months following the closing of the Transaction.

(iii) **Anti-Dilution.** The Super Voting Shares are subject to standard anti-dilution adjustments in the event the Corporation declares a distribution to holders of Multiple Voting Shares, effects a recapitalization of the Multiple Voting Shares, issues Multiple Voting Shares as a dividend or other distribution on outstanding Multiple Voting Shares, or subdivides or consolidates the outstanding Multiple Voting Shares.

(iv) **No Fractional Shares and Certificate as to Adjustments.** No fractional Multiple Voting Shares shall be issued upon the conversion of any share or shares of Super Voting Shares and the number of Multiple Voting Shares to be issued shall be rounded up to the nearest whole Multiple Voting Share.

### Multiple Voting Shares

**Voting Rights.** Holders of Multiple Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of the Corporation, except a meeting of which only holders of another particular class or series of shares of the Corporation 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).

**Alteration to Rights of Multiple Voting Shares.** As long as any Multiple Voting Shares remain outstanding, the Corporation may not, without the consent of the holders of the Multiple Voting Shares and Super Voting Shares by separate special resolution, prejudice or interfere with any right or special right attached to the Multiple Voting Shares. In connection with the exercise of the voting rights relating to any proposed alteration of rights, each holder of Multiple Voting Shares has one vote in respect of each Multiple Voting Share held.

**Dividends.** 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 Corporation 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.

**Liquidation, Dissolution or Winding-Up.** In the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, holders of Multiple Voting Shares, subject to the prior rights of the holders of any shares of the Corporation ranking in priority to the Multiple Voting Shares, are entitled to participate rateably along with all other holders of Multiple Voting Shares (on an as-converted to Subordinate Voting Share basis), Subordinate Voting Shares and Super Voting Shares (on an as-converted to Subordinate Voting Share basis).

**Rights to Subscribe; Pre-Emptive Rights.** Holders of Multiple Voting Shares are not entitled to a right of first refusal to subscribe for, purchase or receive any part of any issue of Subordinate Voting Shares, or bonds, debentures or other securities of the Corporation now or in the future.

**Conversion.** Subject to the Conversion Restrictions described below, holders of Multiple Voting Shares have the following conversion rights (the “**Conversion Rights**”):

- (i) **Right to Convert.** Each Multiple Voting Share is convertible, at the option of the holder thereof, at any time after the date of issuance of such share, into such number of fully paid and non-assessable Subordinate Voting Shares as is determined by multiplying the number of Multiple Voting Shares by the Conversion Ratio applicable to such share in effect on the date the Multiple Voting Share is surrendered for conversion. The initial “**Conversion Ratio**” for Multiple Voting Shares is 100 Subordinate Voting Shares for each Multiple Voting Share, subject to adjustment in certain events.
- (ii) **Conversion Limitations.** The Corporation is to use commercially reasonable efforts to maintain its status as a “foreign private issuer” (as determined in accordance with Rule 3b-4 under the Exchange Act. Accordingly, the Corporation shall not affect any conversion of Multiple Voting Shares, and holders of Multiple Voting Shares may not convert any portion of the Multiple Voting Shares to the extent that after giving effect to all permitted issuances after such conversions of Multiple Voting Shares, the aggregate number of Subordinate Voting Shares, Super Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by U.S. Residents would exceed 40% (the “**40% Threshold**”) of the aggregate number of Subordinate Voting Shares, Super Voting Shares and Multiple Voting Shares issued and outstanding after giving effect to such conversions (the “**FPI Protective Restriction**”); provided the Board may, by resolution, increase the 40% Threshold to an amount not to exceed 50%.
- (iii) **Mandatory Conversion.** The Corporation may require each holder of Multiple Voting Shares (including any holder of Multiple Voting Shares issued upon conversion of the Super Voting Shares) to convert all, and not less than all, the Multiple Voting Shares at the applicable Conversion Ratio if at any time all the following conditions are satisfied (or otherwise waived by special resolution of holders of Multiple Voting Shares):
- (A) the Subordinate Voting Shares issuable upon conversion of all the Multiple Voting Shares are registered for resale and may be sold by the holder thereof pursuant to an effective registration statement and/or prospectus covering the Subordinate Voting Shares under the United States Securities Act of 1933, as amended;
- (B) the Corporation is subject to the reporting requirements of Section 13 or 15(d) of the United States Exchange Act of 1934, as amended; and
- (C) the Subordinate Voting Shares are listed or quoted (and are not suspended from trading) on a recognized North American stock exchange or by way of reverse takeover transaction on the Toronto Stock Exchange, the TSX Venture Exchange, the CSE or Aequitas NEO Exchange (or any other stock exchange recognized as such by the Ontario Securities Commission).
- (iv) **Anti-Dilution.** The Multiple Voting Shares are subject to standard anti-dilution adjustments in the event the Corporation declares a distribution to holders of Subordinate Voting Shares, effects a recapitalization of the Subordinate Voting Shares, issues Subordinate Voting Shares as a dividend or other distribution on outstanding Subordinate Voting Shares, or subdivides or consolidates the outstanding Subordinate Voting Shares.
- (v) **No Fractional Shares and Certificate as to Adjustments.** No fractional Subordinate Voting Shares shall be issued upon the conversion of any share or shares of Multiple Voting Shares and the number of Subordinate Voting Shares to be issued shall be rounded up to the nearest whole Subordinate Voting Share.

## 2024 Notes

The Corporation issued US\$70,000,000 aggregate principal amount of notes (the “**June Notes**”) on June 18, 2019 and US\$60,000,000 aggregate principal amount of notes (the “**November Notes**”) on November 7, 2019. The June Notes and the November Notes (collectively, the “**2024 Notes**”) form a single series, trade under the same CUSIP number and have the same terms as to status, redemption or

otherwise. The 2024 Notes were issued pursuant to the terms and conditions of the note indenture (the “**Note Indenture**”) dated June 18, 2019, between the Corporation and Odyssey Trust Company, as trustee thereunder (in such capacity, the “**Trustee**”). The 2024 Notes bear interest at the rate of 9.75% per annum, payable semi-annually, in equal instalments, in arrears on June 18 and December 18 of each year, commencing on December 18, 2019. The 2024 Notes are irrevocably and unconditionally guaranteed by Trulieve US and will mature on June 18, 2024. The 2024 Notes rank senior in right of payment to all existing and future Subordinated Indebtedness of the Corporation (as such term is defined in the Note Indenture). The 2024 Notes are subordinated in right of payment only to any Indebtedness that ranks senior to the 2024 Notes by operation of law.

At any time and from time to time prior to June 18, 2021, Trulieve may redeem all or a part of the 2024 Notes, upon not less than 15 nor more than 60 days’ notice, at a redemption price equal to 100% of the principal amount of the 2024 Notes redeemed, plus the Applicable Premium (as such term is defined in the Note indenture) and accrued and unpaid interest, if any, as of the applicable date of redemption (subject to the rights of holders on the relevant record date to receive interest due on the relevant interest payment date). At any time prior to June 18, 2021, the Corporation may, on one or more occasions, redeem up to 35% of the aggregate principal amount of the 2024 Notes upon not less than 15 nor more than 60 days’ notice, at a redemption price equal to 109.75% of the principal amount thereof, plus accrued and unpaid interest to the redemption date, subject to the rights of holders on the relevant record date to receive interest on the relevant interest payment date, with the net cash proceeds of one or more Equity Offerings (as such term is defined in the Note Indenture); provided that: (i) 2024 Notes in an aggregate principal amount equal to at least 65% of the aggregate principal amount of the 2024 Notes issued under the Note Indenture remain outstanding immediately after the occurrence of such redemption (excluding 2024 Notes held by the Corporation or its affiliates, and (ii) the redemption occurs within 90 days of the date of the closing of such Equity Offering.

If a Change of Control (as such term is defined in the Note Indenture) occurs, the Corporation will be required to make an offer to each holder of the 2024 Notes to repurchase all or any part (equal to \$1,000 and integral multiples of \$1,000 in excess thereof) of that holder’s 2024 Notes pursuant to an offer (a “**Change of Control Offer**”) on the terms set forth in the Note Indenture. In the Change of Control Offer, the Corporation will offer payment in cash equal to not less than 101% of the aggregate principal amount of 2024 Notes repurchased plus accrued and unpaid interest to the date of repurchase, which date will be no earlier than the date of such Change of Control. If holders of not less than 90% in aggregate principal amount of the outstanding 2024 Notes validly tender and do not withdraw such 2024 Notes in a Change of Control Offer and the Corporation, or any third party making a Change of Control Offer in lieu of the Corporation as described in the Note Indenture, purchases all of the 2024 Notes validly tendered and not withdrawn by such holders, the Corporation or such third party, as the case may be, will have the right, upon not less than 10 nor more than 60 days’ prior notice, to redeem or purchase, as applicable, all 2024 Notes that remain outstanding following such purchase at a redemption price or purchase price, as the case may be, in cash equal to the applicable Change of Control Payment plus, to the extent not included in the Change of Control Payment, accrued and unpaid interest, if any, to the date of redemption.

The Note indenture contains restrictions on the Corporation’s ability to make certain payments and to consummate specified transactions in certain circumstances. The foregoing description is a summary of material provisions of the 2024 Notes. The Corporation urges readers to read the Note Indenture available under the Corporation’s profile on SEDAR as the Note Indenture, and not this description, defines the rights of the holders of the 2024 Notes.

#### Note Warrants

The Corporation issued an aggregate of 1,470,000 subordinate voting share purchase warrants of the Corporation (the “**June Warrants**”) on June 18, 2019 and an aggregate of 1,560,000 subordinate voting share purchase warrants (the “**November Warrants**” and together with the June Warrants, the “**Note Warrants**”) on November 7, 2019. The November Warrants form of single class with, trade under the same CUSIP number as, and have the same terms as the June Warrants. The Note Warrants are governed by a warrant indenture dated June 18, 2019, as supplemented pursuant to a supplement dated November 7,

2019 (collectively, the “**Warrant Indenture**”) between the Corporation and Odyssey Trust Company, as warrant agent thereunder (in such capacity, the “**Warrant Agent**”). Each Warrant entitles the holder thereof to purchase one Subordinate Voting Share of the Corporation at an exercise price of C\$17.25 per share at any time prior to 5:00 p.m. (Vancouver time) on June 18, 2022, subject to adjustment in certain events.

The Warrant Indenture provides that the share ratio and exercise price of the Note Warrants will be subject to adjustment in the event of a subdivision or consolidation of the Subordinate Voting Shares. The Warrant Indenture also provides that if there is (a) a reclassification or change of the Subordinate Voting Shares, (b) any consolidation, amalgamation, arrangement or other business combination of the Corporation resulting in any reclassification, or change of the Subordinate Voting Shares into other shares, or (c) any sale, lease, exchange or transfer of the Corporation’s assets as an entity or substantially as an entirety to another entity, then each Warrantholder which is thereafter exercised shall receive, in lieu of Subordinate Voting Shares, the kind and number or amount of other securities or property which such holder would have been entitled to receive as a result of such event if such holder had exercised the Note Warrants prior to the event. No adjustment in the exercise price or the number of Warrant Shares issuable upon the exercise of the Note Warrants will be required to be made unless the cumulative effect of such adjustment or adjustments would result in a change of at least 1% in the exercise price or a change in the number of Warrant Shares issuable upon exercise by at least one one-hundredth of a Warrant Share, as the case may be.

No fractional Subordinate Voting Shares will be issuable upon the exercise of any Note Warrants, and no cash or other consideration will be paid in lieu of fractional shares. Warrantholders do not have any voting or pre-emptive rights or any other rights which a holder of Subordinate Voting Shares would have.

The Warrant Indenture provides that, from time to time, the Corporation may amend or supplement the Warrant Indenture for certain purposes, without the consent of the Warrantholders, including curing defects or inconsistencies or making any change that does not prejudice the rights of any holder. Any amendment or supplement to the Warrant Indenture that would prejudice the interests of the Warrantholders may only be made by “extraordinary resolution”, which is defined in the Warrant Indenture as a resolution either: (i) passed at a meeting of the Warrantholder at which there are Warrantholders present in person or represented by proxy representing of at least 10% of the aggregate number of the then outstanding Warrants (unless such meeting is adjourned to a prescribed later date due to the lack of quorum) and passed by the affirmative vote of the Warrantholders present in person or by proxy shall form a quorum) and passed by the affirmative vote of the Warrantholders representing not less than 66 2/3% of the aggregate number of all the then outstanding Warrants represented at the meeting and voted on the poll upon such resolution; or (ii) adopted by an instrument in writing signed by the Warrantholders representing not less than 66 2/3% of the aggregate number of all the then outstanding Note Warrants.

The foregoing description is a summary of material provisions of the Note Warrants. The Corporation urges readers to read the Warrant Indenture available under the Corporation’s profile on SEDAR as the Warrant Indenture, and not this description, defines the rights of the holders of the Note Warrants.

### **Take-Over Bid Protection**

Under applicable Canadian law, an offer to purchase Super Voting Shares would not necessarily require that an offer be made to purchase Subordinate Voting Shares or Multiple Voting Shares. In accordance with the rules applicable to most senior issuers in Canada, in the event of a take-over bid, the holders of Subordinate Voting Shares or of Multiple Voting Shares will be entitled to participate on an equal footing with holders of Super Voting Shares. The Founders, as the owners of all the outstanding Super Voting Shares, have entered into a customary coattail agreement with the Corporation and a trustee (the “**Coattail Agreement**”). The Coattail Agreement contains provisions customary for dual class, listed corporations designed to prevent transactions that otherwise would deprive the holders of Subordinate Voting Shares or of Multiple Voting Shares of rights under applicable provincial take-over bid legislation to which they would have been entitled if the Super Voting Shares had been Subordinate Voting Shares or Multiple Voting Shares.

The undertakings in the Coattail Agreement will not apply to prevent a sale by any holder of Super Voting Shares if concurrently an offer is made to purchase Subordinate Voting Shares and Multiple Voting Shares that:

- (i) offers a price per Subordinate Voting Share or Multiple Voting Share (on an as converted to Subordinate Voting Share basis) at least as high as the highest price per share paid pursuant to the take-over bid for the Super Voting Shares (on an as converted to Subordinate Voting Share basis);
- (ii) provides that the percentage of outstanding Subordinate Voting Shares or Multiple Voting Shares to be taken up (exclusive of shares owned immediately prior to the offer by the offeror or persons acting jointly or in concert with the offeror) is at least as high as the percentage of Super Voting Shares to be sold (exclusive of Super Voting Shares owned immediately prior to the offer by the offeror and persons acting jointly or in concert with the offeror);
- (iii) has no condition attached other than the right not to take up and pay for Subordinate Voting Shares or Multiple Voting Shares tendered if no shares are purchased pursuant to the offer for Super Voting Shares; and
- (iv) is in all other material respects identical to the offer for Super Voting Shares.

In addition, the Coattail Agreement will not prevent the transfer of Super Voting Shares by a Founder to a Permitted Holder (as defined herein). The conversion of Super Voting Shares into Multiple Voting Shares, whether or not such Multiple Voting Shares are subsequently sold or converted into Subordinate Voting Shares, would not constitute a disposition of Super Voting Shares for the purposes of the Coattail Agreement.

Under the Coattail Agreement, any disposition of Super Voting Shares (including a transfer to a pledgee as security) by a holder of Super Voting Shares party to the agreement is conditional upon the transferee or pledgee becoming a party to the Coattail Agreement, to the extent such transferred Super Voting Shares are not automatically converted into Multiple Voting Shares in accordance with the Articles.

The Coattail Agreement contains provisions for authorizing action by the trustee to enforce the rights under the Coattail Agreement on behalf of the holders of the Subordinate Voting Shares or of the Multiple Voting Shares. The obligation of the trustee to take such action is conditional on the Corporation or holders of the Subordinate Voting Shares or of the Multiple Voting Shares, as the case may be, providing such funds and indemnity as the trustee may require. No holder of Subordinate Voting Shares or of Multiple Voting Shares, as the case may be, has the right, other than through the trustee, to institute any action or proceeding or to exercise any other remedy to enforce any rights arising under the Coattail Agreement unless the trustee fails to act on a request authorized by holders of not less than 10% of the outstanding Subordinate Voting Shares or of Multiple Voting Shares, as the case may be, and reasonable funds and indemnity have been provided to the trustee. The Corporation has agreed to pay the reasonable costs of any action that may be taken in good faith by holders of Subordinate Voting Shares or of Multiple Voting Shares, as the case may be, pursuant to the Coattail Agreement.

The Coattail Agreement may not be amended, and no provision thereof may be waived, unless, prior to giving effect to such amendment or waiver, the following have been obtained: (a) the consent of any applicable securities regulatory authority in Canada and (b) the approval of at least 66-2/3% of the votes cast by holders of Subordinate Voting Shares and 66-2/3% of the votes cast by holders of Multiple Voting Shares excluding votes attached to Subordinate Voting Shares and to Multiple Voting Shares, if any, held by the Principal Shareholders, their affiliates and any persons who have an agreement to purchase Super Voting Shares on terms which would constitute a sale or disposition for purposes of the Coattail Agreement other than as permitted thereby.

No provision of the Coattail Agreement limits the rights of any holders of Subordinate Voting Shares or of Multiple Voting Shares under applicable law.

## MARKET FOR SECURITIES

### Trading Price and Volume

The outstanding Super Voting Shares and Multiple Voting Shares of the Corporation are not quoted or listed for trading on a marketplace. The outstanding Subordinate Voting Shares are listed on the CSE and commenced trading under the symbol “TRUL” on September 25, 2018. The following table sets forth, for the periods indicated, the reported high and low prices and the aggregate volume of trading of the Subordinate Voting Shares on the CSE<sup>1</sup>.

Period 2019	High Trading Price (C\$)	Low Trading Price (C\$)	Volume (#)
January	\$15.10	\$10.87	5,221,500
February	20.30	14.54	4,261,300
March	18.59	14.97	6,177,210
April	21.65	16.43	8,669,604
May	18.10	14.55	3,942,200
June	15.17	13.35	2,536,364
July	15.08	11.77	2,819,700
August	14.31	9.91	8,210,600
September	12.85	10.36	7,635,000
October	13.75	10.40	5,284,400
November	17.30	12.91	5,439,400
December	18.00	12.06	8,965,800

Note:

1. Source: CSE

The outstanding 2024 Notes are listed on the CSE and commenced trading under the symbol “TRUL.DB.U” on June 18, 2019. The following table sets forth, for the periods indicated, the reported high and low prices and the aggregate volume of trading of the 2024 Notes on the CSE<sup>1</sup>.

Period 2019	High Trading Price (C\$)	Low Trading Price (C\$)	Volume (#)
June	\$99.00	\$96.00	1,739,000
July	97.75	95.00	861,000
August	96.50	94.00	1,355,000

Period 2019	High Trading Price (C\$)	Low Trading Price (C\$)	Volume (#)
September	96.75	95.00	271,000
October	96.75	92.00	848,000
November	94.50	92.00	2,765,000
December	94.75	90.00	1,208,000

Note:

1. Source: CSE

The outstanding Note Warrants are listed on the CSE and commenced trading under the symbol “TRUL.WT” on June 18, 2019. The following table sets forth, for the periods indicated, the reported high and low prices and the aggregate volume of trading of the Note Warrants on the CSE<sup>1</sup>.

Period 2019	High Trading Price (C\$)	Low Trading Price (C\$)	Volume (#)
June	\$4.00	\$2.52	60,237
July	3.24	2.60	107,294
August	3.50	2.58	75,441
September	3.20	2.75	182,297
October	3.10	2.27	44,814
November	3.75	2.65	292,008
December	3.90	2.40	338,352

Note:

1. Source: CSE

### Prior Sales of Unlisted Securities

Since the beginning of the most recently completed financial year, Trulieve has not issued any securities that are not listed or quoted on a marketplace other than the Bridge Notes.

### ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The Corporation is not subject to escrow requirements under the policies of the CSE.

On January 16, 2019, Trulieve announced the Founders had entered into voluntary lock-up agreements with the Corporation in respect of an aggregate of 75,510,694 Subordinate Voting Shares (the “**Subject Securities**”) (on an as-if converted basis), representing 68.6% of the Subordinate Voting Shares, assuming the conversion of all issued and outstanding Multiple Voting Shares and Super Voting Shares of the Corporation. The voluntary lock-up agreements stipulate the Founders would not offer to sell, contract to sell or otherwise dispose of any of the Subject Securities, or enter into any transaction to such effect, directly or indirectly, in addition to other restrictions, on or before July 25, 2019. On July 10, 2019, Trulieve announced the Founders had extended voluntary lock-up agreements with respect to 65,253,093 of the previously locked-up Subordinate Voting Shares until July 25, 2020; provided, however, 11,205,960 of such



Subordinate Voting Shares were to be released as of January 25, 2020. On December 17, 2019, Trulieve announced the Founders had agreed to amend their lock-up agreements such that those 11,205,960 Subordinate Voting Shares remain subject to the lock-up agreement until May 15, 2020.

## DIRECTORS AND OFFICERS

The Articles of the Corporation provide for a minimum of one director and a maximum of 10 directors. Shareholders of the Corporation have authorized the directors of the Corporation, by resolution, to determine the number of directors within the minimum and maximum number of directors set out in the Articles. Each director holds office until the close of the next annual general meeting of the Corporation, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated. The Board currently consists of five directors, of whom two can be defined as an “unrelated director” or a director who is independent of management and is free from any interests and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director’s ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from shareholders, and do not have interests in or relationships with the Corporation.

The following table lists the names, municipalities of residence of the directors and officers of the Corporation, their positions and offices held with the Corporation, their principal occupations during the past five years and the number of securities of the Corporation that are beneficially owned, directly or indirectly, or over which control or direction will be exercised by each as at the date of this AIF.

Name, Municipality of Residence and Position Held	Principal Occupation for Past Five Years	Trulieve Director or Officer Since	Number and Percentage of Super Voting Shares, Multiple Voting Shares, Warrants or Options (as applicable) Owned or Controlled	Subordinate Voting Shares Owned or Controlled <sup>(1)</sup>
<b>Kim Rivers</b> <sup>(2)(3)</sup> <b>Tallahassee, Florida</b> <b>Chief Executive Officer, Chairman and Director</b>	Lawyer, business owner, CEO of Trulieve	November, 2015	159,867 Super Voting Shares 9,867 Multiple Voting Shares 2,811,159 Warrants 160,944 Options	16,566,900
<b>Mohan Srinivasan</b> <sup>(3)</sup> <b>Clearwater, Florida</b> <b>Chief Financial Officer</b>	Chief Financial Officer, Consultant	June, 2018	86.68 Multiple Voting Shares 122,624 Options	131,292
<b>Jason Pernell</b> <sup>(4)</sup> <b>Tallahassee, Florida</b> <b>Chief Information Officer</b>	Co-Founder SACS, LLC, Co-Founder 3Jays, LLC and Co-Founder G5 Engineering Solutions	November, 2015	1,142,033 Warrants 73,575 Options	1,215,608

Name, Municipality of Residence and Position Held	Principal Occupation for Past Five Years	Trulieve Director or Officer Since	Number and Percentage of Super Voting Shares, Multiple Voting Shares, Warrants or Options (as applicable) Owned or Controlled	Subordinate Voting Shares Owned or Controlled <sup>(1)</sup>
<b>Eric Powers</b> <sup>(3)</sup> <b>Tallahassee, Florida</b> <b>General Counsel and Corporate Secretary</b>	Lawyer, Crawford & Company	March, 2019	73,575 Options	73,575
<b>Timothy Morey,</b> <b>Tallahassee, Florida</b> <b>Chief Sales Officer</b>	Senior Director of Store Operations, Finish Line	March 2019	73,575 Options	73,575
<b>Steven Ferrell</b> <b>Tallahassee, Florida</b> <b>Senior Human Resources Director</b>	Human Resources Director	November, 2017	86.68 Multiple Voting Shares 33,109 Options	41,777
<b>Kyle Landrum</b> <b>Tallahassee, Florida</b> <b>Chief Production Officer</b>	Management & Cultivation Manager	October, 2017	86.68 Multiple Voting Shares 73,575 Options	82,243
<b>Valda Coryat</b> <b>Tallahassee, Florida</b> <b>Chief Marketing Officer</b>	Marketing, National Mango Board, Colgate-Palmolive, Avon and Heineken	December, 2019	73,575 Options	73,575
<b>Thad Beshears</b> <sup>(2)(5)</sup> <b>Monticello, Florida</b> <b>Director</b>	Co-Owner and COO of Simpson Nurseries	November, 2015	120,000 Super Voting Shares 36,787 Options	15,036,787
<b>George Hackney, Sr.</b> <sup>(6)(7)</sup> <b>Quincy, Florida</b> <b>Director</b>	President and Owner of Hackney Nursery	November, 2015	36,787 Options	36,787
<b>Richard May</b> <sup>(5)(6)(8)</sup> <b>Quincy, Florida</b> <b>Director</b>	General Manager and Sales Manager of May Nurseries	November 2015	36,787 Options	36,787
<b>Michael J. O'Donnell, Sr.</b> <sup>(2)(4)(5)(6)</sup>	Executive Director of Office of Innovation and	June, 2018	36,787 Options	36,787

Name, Municipality of Residence and Position Held	Principal Occupation for Past Five Years	Trulieve Director or Officer Since	Number and Percentage of Super Voting Shares, Multiple Voting Shares, Warrants or Options (as applicable) Owned or Controlled	Subordinate Voting Shares Owned or Controlled <sup>(1)</sup>
<b>New Smyrna Beach, Florida Director</b>	Entrepreneurship at University of Central Florida			
<b>Peter Healy San Francisco, California Director</b>	Lawyer	July, 2019	45,984 Options	45,984

Notes:

- (1) On an as-if converted or exercised basis. As the information concerning security holdings is not within the control of the Corporation, such information has been obtained from the System for Electronic Disclosure by Insiders (SEDI).
- (2) Member of the Nominating and Corporate Governance Committee.
- (3) Member of the Disclosure Committee.
- (4) Noncontrolling member of KOPUS LLC; KOPUS LLC holds 13,013,200 Subordinate Voting Shares on an as-converted basis.
- (5) Member of the Compensation Committee.
- (6) Member of the Audit Committee.
- (7) Noncontrolling member of Telogia Pharm LLC; Telogia Pharm LLC holds 13,613,300 Subordinate Voting Shares on an as-converted basis.
- (8) Noncontrolling member of Shade Leaf Holding LLC; Shade Leaf Holding LLC holds 14,000,100 Subordinate Voting Shares on an as-converted basis.

All of the directors of the Corporation have been appointed to hold office until the next annual general meeting of shareholders or until their successors are duly elected or appointed, unless their office is earlier vacated.

As at the date of this AIF, all directors, officers and insiders, as a group, own the following shares of the Corporation: (i) 3,848,920 Subordinate Voting Shares or 10.73% of that share class (non-diluted); (ii) 10,127.04 Multiple Voting Shares or approximately 15.20% of that share class (non-diluted); and 678,133 Super Voting Shares or approximately 100.00% of that share class (non-diluted).

### Board Committees

The Corporation currently has an audit committee, compensation committee, nominating and corporate governance committee and a disclosure committee. A brief description of each committee is set out below.

#### *Compensation Committee*

The Compensation Committee assists the Board in fulfilling its responsibilities for compensation philosophy and guidelines, and fixing compensation levels for the Corporation's executive officers. In addition, the compensation committee is charged with reviewing the Corporation's Stock Option Plan and

proposing changes thereto, approving any awards of options under the Stock Option Plan and recommending any other employee benefit plans, incentive awards and perquisites with respect to the Corporation's executive officers. The Compensation Committee is also responsible for reviewing, approving and reporting to the Board annually (or more frequently as required) on the Corporation's succession plans for its executive officers.

The members of the Compensation Committee include the following three directors: Richard May, Thad Beshears and Michael O'Donnell.

#### *Nominating and Corporate Governance Committee*

The Nominating and Corporate Governance Committee assists the Board in (i) establishing the Corporation's corporate governance policies and practices generally, (ii) identifying individuals qualified to become members of the Board, and (iii) reviewing the composition, effectiveness and independence of the Board and its committees. The Nominating and Corporate Governance Committee reviews and assesses the Corporation's corporate governance policies and practices, reviews and approves the annual disclosure of the Corporation's corporate governance practices in compliance with the requirements of the CSE and other applicable regulatory authorities and assists in identifying individuals qualified to become new Board members, reviews incumbent and new candidates for election as directors and annually recommends nominees to the Board for approval by the Board and election by the shareholders.

The members of the Nominating and Corporate Governance Committee include the following three directors: Kim Rivers, Thad Beshears and Michael O'Donnell.

#### *Disclosure Committee*

The Disclosure Committee is responsible for ensuring that all securities regulatory disclosure requirements are met and for overseeing the Corporation's disclosure practices. This responsibility includes the design, implementation and regular evaluation of the Corporation's disclosure controls and procedures to ensure that information required to be disclosed in Corporation filings is made known to the Committee and recorded, processed, summarized and reported within the required time periods.

The Disclosure Committee consists of the CEO, the CFO, the General Counsel, and the senior investor relations executive of the Corporation. The Disclosure Committee may invite other officers, directors and employees of the Corporation, when deemed advisable, to assist in the discussion and consideration of its duties.

#### **Corporate Cease Trade Orders or Bankruptcies; Penalties or Sanctions; Personal Bankruptcies**

No director or officer of the Corporation or a shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation is, or within 10 years before the date of this AIF has been, a director or officer of any other company that, while the person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days;
- (b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- (c) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (d) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any

proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

### **Penalties and Sanctions**

No director or officer of the Corporation, or shareholder holding a sufficient number of shares of the Corporation to affect materially the control of the Corporation, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Personal Bankruptcies**

No director or officer of the Corporation, or a shareholder holding sufficient securities of the Corporation to affect materially the control of the Corporation, or a personal holding company of any such persons has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director or officer.

### **Conflicts of Interest**

Conflicts of interest may arise as a result of the directors, officers and promoters of the Corporation also holding positions as directors or officers of other companies. Some of the individuals that are directors and officers of the Corporation have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Corporation will be in direct competition with the Corporation. Conflicts, if any, will be subject to the procedures and remedies provided under BCBCA.

### **Management**

Brief Descriptions of the biographies of the directors and officers of the Corporation are set out below:

#### *Kim Rivers - Chief Executive Officer and Chairman of the Board (Age 41)*

Ms. Rivers received her Bachelor's degree in Multinational Business and Political Science from Florida State University and her Juris Doctorate from the University of Florida. Ms. Rivers is a member of the Georgia Bar association and she spent several years in private practice as a lawyer where she specialized in mergers, acquisitions, and securities for multi-million dollar companies. For over a decade, Ms. Rivers has run numerous successful businesses from real estate to finance.

#### *Mohan Srinivasan - Chief Financial Officer (Age 67)*

Mr. Srinivasan has over 35 years of experience in various areas of finance and accounting and is a versatile senior financial leader in both public and private companies. He has served as Chief Financial Officer for over 14 years with high growth companies where he assisted with strategic planning, capital raise, IPO preparation, governance, and public company reporting. Mr. Srinivasan earned a Master of Business Administration degree from the University of Toronto and has active CPA licenses in Florida, Maryland and Ontario, Canada. He is also a qualified corporate director with ICD.D designation from the Institute of Corporate Directors of Canada. Mr. Srinivasan began working for the Corporation in June, 2018, is a full-time employee and has signed a non-disclosure agreement with Trulieve. Prior to joining Trulieve, Mr. Srinivasan had no experience working in the cannabis industry.

*Jason Pernell - Chief Information Officer (Age 43)*

Mr. Pernell is an experienced medical marijuana business owner in both California and Oregon. Mr. Pernell earned his Masters of Business Administration Degree from Florida State University after receiving his Bachelor of Science Degree in Electrical Engineering. For the past decade, Mr. Pernell has owned and operated successful engineering consulting firms. Additionally, Mr. Pernell has operated several cannabis companies including SACS and 3Jays. Mr. Pernell is a founder and began working for Trulieve in November, 2015, is a full-time employee and has signed a non-disclosure agreement with Trulieve.

*Eric Powers - General Counsel and Corporate Secretary (Age 51)*

Mr. Powers is the General Counsel and Corporate Secretary of Trulieve. Prior to joining Trulieve, Mr. Powers spent 13 years as an in-house attorney for Crawford & Company, a publicly-traded insurance services firm, where he served in numerous roles within the legal department, most recently as Vice President and Corporate Secretary. Mr. Powers was in private practice for over 10 years with the law firms of Troutman Sanders and Capell & Howard, specializing in corporate and tax law. Overall, Mr. Powers brings more than 20 years of legal experience to Trulieve, with a broad background in corporate law. Mr. Powers holds a J.D. from The University of Alabama Law School and a B.A. from Auburn University. Mr. Powers also received his LLM in Taxation from New York University. Mr. Powers began working for Trulieve in March, 2019, is a full-time employee and has signed a non-disclosure agreement with Trulieve. Prior to joining Trulieve, Mr. Powers had no experience working in the cannabis industry.

*Timothy Morey- Chief Sales Officer (Age 57)*

Timothy Morey as the Corporation's Chief Sales Officer. Mr. Morey, has over 15 years of retail sector experience, with a focus on operational best practices and leveraging technology to enhance consumer engagements. Most recently, Mr. Morey served as Senior Director of Store Operations for Finish Line from October, 2013 to September, 2018, overseeing more than 900 stores and 45 district sales managers. Mr. Morey is a resident of Tallahassee, Florida and holds an associate degree, applied science, from Snow College, Utah. Mr. Morey began working for Trulieve in March, 2019, is a full-time employee and has signed a non-disclosure agreement with Trulieve. Prior to joining Trulieve, Mr. Morey had no experience working in the cannabis industry.

*Kyle Landrum – Chief Production Officer (Age 34)*

Mr. Landrum, the Corporation's Chief Production Officer, currently manages all aspects of the Corporation's production process. Mr. Landrum graduated from the University of Florida with a degree in Agriculture Economics and received his master's degree in Agricultural Education. Mr. Landrum began working for Trulieve in October, 2017, is a full-time employee and has signed a non-disclosure agreement with Trulieve. Prior to joining Trulieve, Mr. Landrum had no experience working in the cannabis industry.

*Valda Coryat – Chief Marketing Officer (Age 49)*

Ms. Coryat is the Corporation's Chief Marketing Officer. Ms. Coryat has leveraged strategy, analytics and creativity to drive profitable brand growth at companies such as Colgate-Palmolive, Avon and Heineken. Prior to joining Trulieve, Ms. Coryat led the National Mango Board's Marketing across the consumer, retail and foodservice verticals. She received her B.A. from Duke University and MBA from Columbia University's Graduate School of Business. Ms. Coryat began working for Trulieve in December, 2019, is a full-time employee and has signed a non-disclosure agreement with Trulieve. Prior to joining Trulieve, Ms. Coryat had no experience working in the cannabis industry.

*Steven Ferrell – Director of Human Resources (Age 49)*

Steven Ferrell is the Senior Human Resources Director at Trulieve. He previously served as Employee Relations Manager with GlaxoSmithKline in Durham, NC. Mr. Ferrell also served in Human Resources Management with Delhaize America, supporting manufacturing, supply chain, and retail for 11

years. Mr. Ferrell studied Spanish Language & Literature at North Carolina State University, and Human Resources Management at Duke University. Mr. Ferrell began working for Trulieve in November, 2017, is a full-time employee and has signed a non-disclosure agreement with Trulieve. Prior to joining Trulieve, Mr. Ferrell had no experience working in the cannabis industry.

*Thad Beshears - Director (Age 45)*

Mr. Beshears is the Co-Owner and Chief Operating Officer of Simpson Nurseries. He is responsible for all sales operations, production, and inventory tracking for the operation. Mr. Beshears is also the chief executive officer of Simpson Nurseries of Tennessee, where he develops and implements the company's strategic vision while monitoring the market for opportunities for growth and expansion. Mr. Beshears is a founding member of Trulieve and serves on the Board. Prior to working with Trulieve, Mr. Beshears had no experience working in the cannabis industry.

*George Hackney – Director (Age 65)*

Mr. Hackney is the President and Owner of the Hackney Nursery Corporation in Quincy, Florida. He has presided over all aspects of the operations of the company. Mr. Hackney has served on several agricultural industry associations' boards and has earned many honours for his commitment to the industry. Mr. Hackney is a founding member of Trulieve and serves on the Board. Prior to working with Trulieve, Mr. Hackney had no experience working in the cannabis industry.

*Richard May – Director (Age 42)*

Mr. May is the President and co-owner of May Nursery, Inc. He has sat on several agricultural industry and community boards. He has also served as a director of the Gadsden County Chamber of Commerce, including a term as its chairman. Mr. May graduated from Auburn University with Bachelor of Science degrees in Agricultural Economics and Horticulture. He is a graduate of the Wedgworth Leadership Institute for Agriculture and Natural Resources from the University of Florida, and a graduate of the Executive Academy for Growth and Leadership from Texas A&M. Mr. May is a founding member of Trulieve and serves on the Board. Prior to working with Trulieve, Mr. May had no experience working in the cannabis industry.

*Michael J. O'Donnell, Sr. – Director (Age 68)*

Mr. O'Donnell, retired, was formerly the Executive Director of the Office of Innovation and Entrepreneurship at the University of Central Florida. Mr. O'Donnell formed the Florida Angel Nexus, the FAN Fund I, LLP, which supported select state-wide emerging growth businesses. Additionally, Mr. O'Donnell is principal in MOD Ventures LLC, which invests in new ventures in various sectors. He holds a Bachelor of Science in Business Administration from Central Michigan University and a Master of Science in Management from the University of Central Florida. Mr. O'Donnell joined the Board in July, 2018. Additionally, Mr. O'Donnell has been a co-founder of several cannabis companies, including Trulieve, SACS and 3Jays, and has been a Board Advisor since November 2015.

*Peter Healy – Director (Age 68)*

An accomplished legal counsel with more than 30 years of experience, Mr. Healy manages a broad-based corporate practice, advising companies on a range of issues, including corporate governance, capital markets, and private equity. His diverse clientele includes both public companies, private companies and major investment banking firms in a range of industries, including finance, technology, healthcare, biotechnology, real estate, beauty products, among others. He holds an MBA (with distinction) from Cornell University and a JD from University of California Hastings. Mr. Healy joined the Board in July, 2019. Prior to working with Trulieve, Mr. Healy had no experience working in the cannabis industry.

## PROMOTERS

No person or company has been within the two years immediately preceding the date of this AIF, a promoter of the Corporation.

## LEGAL PROCEEDINGS AND REGULATORY ACTIONS

### Legal Proceedings

Except as set forth below, there are no actual or contemplated legal proceedings material to the Corporation or a subsidiary of the Corporation or of which any of their respective property is the subject matter and there are no such proceedings known to the Corporation to be contemplated.

On December 30, 2019, a securities class-action complaint, *David McNear v. Trulieve Cannabis Corp. et al.*, Case No. 1:19-cv-07289, was filed against the Corporation in the United States District Court for the Eastern District of New York. On February 12, 2020, a second securities class-action complaint, *Monica Acerra v. Trulieve Cannabis Corp. et al.*, Case No. 1:20-cv-00775, which is substantially similar to the complaint filed on December 30, 2019, was filed against the Corporation in the United States District Court for the Eastern District of New York. Both complaints name the Corporation, Kim Rivers, and Mohan Srinivasan as defendants for allegedly making materially false and misleading statements regarding the Corporation's previously reported financial statements and public statements about its business, operations, and prospects. The complaint alleges violations of Sections 10(b) and 20(a) of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and SEC Rule 10b-5 promulgated thereunder. The complaint sought unspecified damages, costs, attorneys' fees, and equitable relief. On March 20, 2020, the Court consolidated the two related actions under *In re Trulieve Cannabis Corp. Securities Litigation*, No. 1:19-cv-07289, and appointed William Kurek, John Colomara, David McNear, and Monica Acerra as Lead Plaintiffs. The parties are currently negotiating a briefing schedule and intend to submit it to the court shortly. The Corporation believes that the suit is immaterial and that the claims are without merit and intends to vigorously defend against them.

There have been no penalties or sanctions imposed against the Corporation by a court or regulatory authority, and the Corporation has not entered into any settlement agreements before any court relating to provincial or territorial securities legislation or with any securities regulatory authority, in the three years prior to the date of this AIF.

### Regulatory Actions

The Corporation is not subject to: (i) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within three years immediately preceding the date of this AIF; (ii) any other penalties or sanctions imposed by a court or regulatory body against the Corporation that are necessary to contain full, true and plain disclosure of all material facts relating to the securities being listed. The Corporation has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this AIF.

## AUDIT COMMITTEE DISCLOSURE

### Composition of the Audit Committee

The audit committee of the Board (the "**Audit Committee**") assists the Board in fulfilling its responsibilities for oversight of financial and accounting matters. The audit committee reviews the financial reports and other financial information provided by the Corporation to regulatory authorities and its shareholder and reviews the Corporation's system of internal controls regarding finance and accounting including auditing, accounting and financial reporting processes.



As at the date of this AIF, the following are the members of the audit committee. Also indicated is whether they are “independent” and “financially literate” within the meaning of National Instrument 52-110 – *Audit Committees* (“NI 52-110”).

Name of Member	Independent <sup>(1)</sup>	Financially Literate <sup>(2)</sup>
<b>Richard May</b>	Yes	Yes
<b>Michael O'Donnell</b>	Yes	Yes
<b>George Hackney</b>	Yes	Yes

Notes:

- (1) A member of the audit committee is independent if he or she has no direct or indirect ‘material relationship’ with the Corporation. A material relationship is a relationship which could, in the view of the Board, reasonably interfere with the exercise of a member’s independent judgment. An executive officer of the Corporation, such as the President or Secretary, is deemed to have a material relationship with the Corporation.
- (2) A member of the audit committee is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

### Relevant Education and Experience

Each member of the Audit Committee has experience relevant to his or her responsibilities as an Audit Committee member. See *Directors and Officers – Management* for a description of the education and experience of each Audit Committee member.

### Audit Committee Oversight

At no time since the commencement of the Corporation’s most recently completed financial year was a recommendation of the Audit Committee to nominate or compensate an external auditor not adopted by the Board.

### Reliance on Certain Exemptions

At no time since the commencement of the Corporation’s most recently completely financial year has the Corporation relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110.

### Audit Committee's Charter

The Board has adopted a written charter for the Audit Committee, in the form set out under Appendix "B" to this AIF, which sets out the Audit Committee’s responsibilities. The Audit Committee’s principal duties and responsibilities include assisting the Board in discharging the oversight of: (i) the integrity of the Corporation’s consolidated financial statements and accounting and financial processes and the audits of its consolidated financial statements; (ii) compliance with legal and regulatory requirements; (iii) external auditors’ qualifications and independence; (iv) the work and performance of financial management and external auditors; and (v) system of disclosure controls and procedures and system of internal controls regarding finance, accounting, legal compliance, and risk management established by management and the Board. The Audit Committee has access to all books, records, facilities and personnel and may request any information about the Corporation as it may deem appropriate. It will also have the authority to retain and compensate special legal, accounting, financial and other consultants or advisors to advise the Audit Committee.

## INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of the Corporation or person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10 percent of any class or series

of the outstanding voting securities of the Corporation, or any associate or affiliate of any of the foregoing has or had any material interest, direct or indirect, in any transaction within the three years before the date of this AIF, or in any proposed transaction, which has materially affected or will materially affect the Corporation or any of its subsidiaries.

### **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar of the Corporation's Subordinate Voting Shares is Odyssey Trust Corporation located at 835 - 409 Granville Street Vancouver BC V6C 1T2, Canada. Odyssey Trust Corporation also acts as note trustee and warrant agent in respect of the 2024 Notes and the Note Warrants, respectively.

### **MATERIAL CONTRACTS**

*This AIF includes a summary description of certain material agreements of the Corporation. The summary description discloses all attributes material to an investor in securities of the Corporation but is not complete and is qualified by reference to the terms of the material agreements, which have been filed under the Corporation's profile on SEDAR at [www.sedar.com](http://www.sedar.com). Investors are encouraged to read the full text of such material agreements.*

Except for certain contracts entered into in the ordinary course business of the Corporation, the following are the only contracts entered into by the Corporation on or after January 1, 2019 (or prior to January 1, 2019 if still in effect) that are material to the Corporation:

- Trust Indenture dated as of June 18, 2019 between Trulieve and Odyssey Trust Company;
- Warrant Indenture dated as of June 18, 2019 between Trulieve and Odyssey Trust Company;
- and
- Supplemental Warrant Indenture dated as of November 6, 2019 between Trulieve and Odyssey Trust Company.

To the extent that cannabis-related licenses could also be considered to be material contracts, the Florida License, California License, Connecticut License and Massachusetts Licenses are material contracts of the Corporation.

Copies of the above material contracts (other than the cannabis licenses) are available on the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### **INTERESTS OF EXPERTS**

The Corporation's auditors are MNP LLP, Chartered Professional Accountants, located at Toronto, Ontario. MNP LLP has advised that it is independent of the Corporation in accordance with the rules of professional conduct of the Institute of Chartered Professional Accountants of Ontario.

### **ADDITIONAL INFORMATION**

Additional information, including particulars of directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and interests of insiders in material transactions, where applicable, will be contained in the Corporation's management information circular for the 2020 annual meeting of shareholders of the Corporation. Additional financial information is contained in the Corporation's audited financial statements and MD&A for the year ended December 31, 2019. Such documents, as well as additional information about the Corporation, may be found under the Corporation's SEDAR profile at [www.sedar.com](http://www.sedar.com).

## APPENDIX "A" - GLOSSARY

In this AIF, the following words and terms shall have the following meanings:

**"Affiliate"** means a corporation that is affiliated with another corporation as described below. A corporation is an **"Affiliate"** of another corporation if:

- (a) one of them is the subsidiary of the other; or
- (b) each of them is controlled by the same Person.

A corporation is **"controlled"** by a Person if:

- (a) voting securities of the Corporation are held, other than by way of security only, by or for the benefit of that Person; and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Corporation.

A Person beneficially owns securities that are beneficially owned by:

- (a) a corporation controlled by that Person; or
- (b) an Affiliate of that Person or an Affiliate of any corporation controlled by that Person.

**"Associate"** when used to indicate a relationship with a Person, means:

- (a) an issuer of which the Person beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;
- (b) any partner of the Person;
- (c) any trust or estate in which the Person has a substantial beneficial interest or in respect of which a Person serves as trustee or in a similar capacity; or
- (d) in the case of a Person who is an individual:
  - (i) that Person's spouse or child, or
  - (ii) any relative of the Person or of his spouse who has the same residence as that Person.

**"AIF"** means this Annual Information Form.

**"Audit Committee"** has the meaning in *Audit Committee Disclosure*.

**"BCBCA"** means the *Business Corporations Act* (British Columbia).

**"Board"** means the board of directors of the Corporation.

**"CBD"** means cannabidiol, a cannabis compound.

**“Coattail Agreement”** has the meaning ascribed thereto in *Description of Capital Structure - Description of the Corporation’s Securities*.

**“Cole Memorandum”** has the meaning ascribed thereto in *Risk Factors*.

**“CSA”** has the meaning ascribed thereto in *Regulatory Overview – Regulation of Cannabis in the United States Federally*.

**“Conversion Ratio”** has the meaning ascribed thereto in *Description of Capital Structure*.

**“Corporation”** or **“Trulieve”** has the meaning ascribed thereto in *Date, Currency and Other Information*.

**“CSE”** means the Canadian Securities Exchange.

**“Definitive Agreement”** means the business combination agreement entered into among the Corporation, Subco and Trulieve, Inc. on September 11, 2018.

**“Department”** has the meaning ascribed thereto in *General Development of the Business*

**“FDA”** means the United States Federal Drug Administration.

**“FinCEN”** has the meaning ascribed thereto in *Risk Factors*.

**“Founders”** means Kim Rivers, Ben Atkins, Thad Beshears, Telogia Pharm, LLC, KOPUS, LLC and Shade Leaf Holding LLC.

**“Inversion Conditions”** has the meaning ascribed thereto in *Risk Factors*.

**“ITA”** has the meaning ascribed thereto in *Risk Factors*.

**“MOU”** has the meaning ascribed thereto in *Risk Factors*.

**“MMTC”** has the meaning ascribed thereto in *General Development of the Business*.

**“Multiple Voting Shares”** has the meaning ascribed thereto in *General Development of the Business*.

**“NI 52-110”** means National Instrument 52-110 – *Audit Committees*.

**“Person”** means any individual, corporation, Corporation, partnership, unincorporated association, trust, joint venture, governmental body or any other legal entity whatsoever.

**“Sessions Memo”** has the meaning ascribed thereto in *Risk Factors*.

**“SKUs”** means stock keeping units.

**“SR Offering”** has the meaning ascribed thereto in *General Development of the Business – Recent Developments*.

**“Staff Notice 51-352”** has the meaning ascribed thereto in *Regulatory Overview*.

**“Subordinate Voting Shares”** has the meaning ascribed thereto in *Description of Capital Structure*.

**“Super Voting Shares”** has the meaning ascribed thereto in *Description of Capital Structure*.

**“THC”** means tetrahydrocannabinol, a compound found in the resin secreted by glands of the marijuana plant.

**“Transaction”** means the acquisition of Trulieve, Inc. by the Corporation, as contemplated by the Definitive Agreement.

**“United States”** and **“U.S.”** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia.

**“U.S. Residents”** means residents of the United States as determined in accordance with Rules 3b-4 and 12g3-2(a) under the Exchange Act of 1934, as amended.

**“U.S. Tax Code”** has the meaning ascribed thereto in *Risk Factors*.

**APPENDIX “B” - CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS  
TRULIEVE CANNABIS CORP.**

**AUDIT COMMITTEE CHARTER**

**1. Purpose**

The Audit Committee (the “**Committee**”) is a standing committee of the Board of Directors (the “**Board**”) of Trulieve Cannabis Corp. (the “**Corporation**”) appointed as required by National Instrument 52-110 - *Audit Committees (“NI 52-110”)*. Its purpose is to assist the Board in fulfilling its oversight responsibilities for (i) the integrity of the Corporation’s financial statements, (ii) the Corporation’s compliance with legal and regulatory requirements, and (iii) the qualifications and independence of the auditor of the Corporation (the “**external auditor**”).

**2. Authority**

The Committee has authority to conduct or authorize investigations into any matter within its scope of responsibility. It is empowered to:

- (a) Recommend to the Board the public accounting firm to be nominated for appointment by the Corporation’s shareholders as the external auditor, including the external auditor’s compensation, and oversee the work of the external auditor. The external auditor will report directly to the Committee.
- (b) Resolve any disagreements between management and the external auditor regarding financial reporting.
- (c) Pre-approve permitted non-audit services performed by the Corporation’s external auditor.
- (d) Retain independent counsel, accountants, or others to advise the Committee or assist in its duties and to set and pay their applicable compensation.
- (e) Meet with the Corporation’s officers, external auditor or outside counsel, as necessary and communicate directly with the Corporation’s shareholders.
- (f) Delegate authority, to the extent permitted by applicable law, to one or more designated members of the Committee, including the authority to pre-approve all permitted non-audit services, provided that such decisions are reported to the full Committee at its next scheduled meeting.

**3. Composition**

- (a) The Committee must consist of at least three directors, as determined by resolution of the Board from time to time.
- (b) The Compensation, Nominating & Corporate Governance Committee will recommend to the Board applicable directors for appointment to the Committee and the Chair of the Committee.
- (c) If and whenever a vacancy exists on the Committee, the remaining members may exercise all of its powers so long as there continue to be at least three members on the Committee. If at any time a vacancy exists on the Committee that the Board is required to fill, the Board may appoint a new member to fill such vacancy by ordinary resolution of the Board.
- (d) The majority of the members of the Committee shall be independent, as that term is defined in NI 52-110 and in accordance with applicable corporate and securities laws and stock exchange rules.
- (e) Each Committee member must be financially literate as defined in NI 52-110. The Board or the Committee may, from time to time, establish policies limiting the number of audit committees which Committee members may be appointed to.

#### **4. Meetings**

- (a) The Committee must meet at least four times per year, and at least annually, privately, with each of management and the external auditor.
- (b) The greater of two members or 50% of the members of the Committee shall constitute a quorum. All resolutions of the Committee shall be made by a majority of its members present at a meeting duly called and held. All Committee members are expected to attend each meeting, in person or by telephone or video conference. Any decision or determination of the Committee reduced to writing and signed by all of the members of the Committee shall be fully as effective as if it had been made at a meeting duly called and held.
- (c) The Committee may invite such officers, directors and employees of the Corporation as it deems necessary or advisable from time to time to attend meetings of the Committee and assist in the discussion and consideration of the duties of the Committee.
- (d) The time at which and place where the meetings of the Committee shall be held and the calling of meetings and the procedure in all things at such meetings shall be determined by the Committee. Following a Committee meeting, the Committee Chair shall report on the Committees' activities to the Board at the next Board meeting. The Committee must keep and approve minutes of its meetings in which shall be recorded all action taken by it, which minutes must be made available to the Board as soon as practicable after each meeting of the Committee.

#### **5. Chair**

The Chair of the Committee has the powers and responsibilities set forth in Schedule "A" hereto.

#### **6. Responsibilities**

The Committee must:

- (a) Review significant accounting and reporting issues and understand their impact on the financial statements, including but not limited to:
  - (i) complex or unusual transactions and highly judgmental areas;
  - (ii) major issues regarding accounting principles and financial statement presentation, including any significant changes in the Corporation's selection or application of accounting principles;
  - (iii) any significant variances with comparative reporting periods; and
  - (iv) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Corporation.
- (b) Review analyses prepared by management and/or the external auditor relating to significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of the selection or application of the Corporation's accounting principles.
- (c) Review compliance with covenants under any loan agreements.
- (d) Review disclosure requirements for commitments and contingencies.
- (e) Review with management and the external auditor the results of the audit, including any difficulties encountered. This review will include any restrictions on the scope of the external auditor's activities or on access to requested information, any significant disagreements with management, and adjustments raised by external auditors, whether or not included in the financial reports.
- (f) Review and discuss the annual audited financial statements and quarterly financial statements with management and the external auditor, including the Corporation's disclosures under "Management's

Discussion and Analysis of Financial Condition and Results of Operations” (“**MD&A**”), including the discussion of critical accounting estimates included therein.

- (g) Review and recommend to the Board for approval, prior to public disclosure, the annual and quarterly financial statements, MD&A and annual and interim profit or loss press releases.
- (h) Review disclosures made by the Chief Executive Officer and the Chief Financial Officer during the certification process about significant deficiencies or material weakness in the design or operation of internal controls or any fraud that involves management or other employees who have a significant role in the Corporation’s internal controls and, if applicable, understand the basis upon which the certifying officers concluded that any particular deficiency or combination of deficiencies did or did not constitute a material weakness.
- (i) Review and recommend to the Board for approval, prior to public disclosure, financial information and earnings guidance provided externally, including to analysts and rating agencies if applicable. This review may be general (i.e., the types of information to be disclosed and the type of presentations to be made).
- (j) Satisfy itself that adequate procedures are in place, and periodically assess the adequacy of those procedures, for the review of any public disclosure of financial information extracted or derived from the financial statements, other than the statements themselves, the MD&A or the press releases referred to above.
- (k) Annually review and assess the Corporation’s policies in effect from time to time, including its, Disclosure and Confidentiality Policy and Insider Trading and Reporting Policy and make recommendations to the Board.

## **7. Internal Control**

The Committee shall also:

- (a) Consider the effectiveness of the Corporation’s system for internal control over financial reporting, including information technology security and control.
- (b) Review the scope of the external auditor’s review of internal control over financial reporting, and obtain reports on significant findings and recommendations, together with management’s responses.
- (c) Review the external auditor’s management letters and management’s responses to such letters.
- (d) As requested by the Board, discuss with management and the external auditor the Corporation’s identifiable risks arising from any financial, operational or other deficiencies, the adequacy and effectiveness of the Corporation’s accounting and financial controls relating thereto, and the steps management has taken to monitor and control identified risks.
- (e) Annually review the Corporation’s disclosure controls and procedures, including any significant deficiencies in, or material non-compliance with same, and the steps management has taken to monitor and control such deficiencies or instances of non-compliance.

## **8. External Audit**

The Committee shall also:

- (a) Review the external auditor’s proposed audit scope and approach.
- (b) Review the performance of the external auditor. Annually review the report of the external auditor on matters required to be communicated to the Committee under Section 5135 (auditors’ responsibility to consider fraud) and Section 5751 (communications with those having oversight responsibility for



the financial reporting process-independence) of the Canadian Institute of Chartered Accountants handbook.

- (c) Report any conclusions with respect to the external auditor to the Board.
- (d) Establish and periodically assess the Corporation's hiring policies for partners, employees and former partners and employees of the current or prior external auditor.
- (e) At least once per year, meet privately with the external auditor to discuss any matters that the Committee or the external auditor believes should be discussed privately.
- (f) Review and pre-approve, in accordance with NI 52-110, any non-audit services, provided by the Corporation's external auditor, taking into consideration whether the delivery of non-audit services will interfere with the independence of the auditors. The pre-approval of non-audit services may be further delegated to one or more independent members of the Committee, provided that said pre-approval is presented to the Committee at its first scheduled meeting following such approval. The pre-approval requirement is satisfied with respect to the provision of *de minimis* non-audit services if:
  - (i) the aggregate amount of all such non-audit services provided to the Corporation which were not pre-approved constitutes not more than 5% of the total amount of fees paid by the Corporation and its subsidiaries to the external auditor during the fiscal year in which the non-audit services are provided;
  - (ii) the services were not recognized by the Corporation or its subsidiaries, at the time of the engagement, to be non-audit services; and
  - (iii) the services are promptly brought to the attention of the Committee and approved, prior to the completion of the audit, by the Committee or by one or more members of the Committee to whom authority to grant such approvals has been delegated by the Committee.
- (g) The Committee may from time to time establish specific pre-approval policies and procedures in accordance with NI 52-110.

## 9. Compliance

The Committee shall also:

- (a) Annually review the effectiveness of the Corporation's system of monitoring compliance with laws and regulations and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance.
- (b) Establish and periodically assess the adequacy of procedures for: (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees regarding questionable accounting or auditing matters.
- (c) Review findings of any examinations by regulatory agencies, and any external auditor's observations made regarding those findings.
- (d) Review the process for communicating the Code of Business Ethics to Corporation personnel, and for monitoring compliance therewith.

## 10. Reporting Responsibilities

The Committee shall also:

- (a) Report to the Board about Committee activities and issues that arise with respect to the quality or integrity of the Corporation's financial statements, the Corporation's compliance with legal or regulatory requirements, the performance and independence of the Corporation's external auditor and internal controls over financial reporting.
- (b) Review any other reports the Corporation issues that relate to Committee responsibilities.
- (c) Liaise with the external auditor and the Board to ensure that any material issues that have arisen related to compliance and governance have been addressed and that appropriate actions have been identified and undertaken to mitigate the issues identified.
- (d) The Committee shall at least annually evaluate its own performance and the contents of this Charter, including Schedule "A" attached hereto, and recommend to the Board such changes to the Charter as the Committee deems appropriate.

#### **11. Other responsibilities**

The Committee shall also:

- (a) Discuss with management the Corporation's major policies with respect to risk assessment and risk management.
- (b) Perform other activities related to this Charter as requested by the Board.
- (c) Institute and oversee special investigations as required with respect to the discharge of the Committee's duties hereunder.
- (d) Ensure appropriate disclosure of this Charter as may be required by applicable law.

## Exhibit "A"

### Trulieve Cannabis Corp.

#### Audit Committee Chair Person Description

In addition to the duties and responsibilities set out in the bylaws and any other applicable charter, mandate or position description, the chair (the "**Chair**") of the Audit Committee (the "**Committee**") of Trulieve Cannabis Corp. has the duties and responsibilities described below.

1. Provide overall leadership to enhance the effectiveness of the Committee, including:
  - (a) overseeing the structure, composition, membership and activities delegated to the Committee;
  - (b) chairing every meeting of the Committee and encouraging free and open discussion at the meeting of the Committee;
  - (c) scheduling and setting the agenda for Committee meetings with input from other Committee members, the Chair of the Board and management as appropriate;
  - (d) facilitating the timely, accurate and proper flow of information to and from the Committee;
  - (e) arranging for management, internal personnel, external advisors and others to attend and present at Committee meetings as appropriate;
  - (f) arranging sufficient time during Committee meetings to fully discuss agenda items;
  - (g) encouraging Committee members to ask questions and express viewpoints during meetings, and
  - (h) taking all other reasonable steps to ensure that the responsibilities and powers of the Committee, as outlined in its Charter, are well understood by the Committee members and executed as effectively as possible.
2. Foster ethical and responsible decision making by the Committee and its individual members.
3. Encourage the Committee members to meet separately from the scheduled Committee meetings to ensure that all members have an opportunity to be fully informed of information that will be addressed by the Committee during the meeting.
4. Following each meeting of the Committee, report to the Board on the activities, findings and any recommendations of the Committee.
5. Carry out such other duties as may reasonably be requested by the Board.