TRULIEVE CANNABIS CORP.

UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

(IN US DOLLARS)

TRULIEVE CANNABIS CORP.

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CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS (UNAUDITED)

	March 31, 2020	December 31, 2019
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 100,811,956	91,812,821
Inventories	74,924,574	65,980,610
Prepaid Expenses and Other Current Assets	13,631,446	7,677,545
Total Current Assets	189,367,976	165,470,976
Property and Equipment, Net	172,631,015	144,747,619
Right of Use Asset - Operating, Net	21,061,632	22,045,401
Right of Use Asset - Finance, Net	24,724,525	19,088,219
Intangible Assets, Net	25,788,041	26,379,523
Goodwill	7,315,886	7,315,886
Other Assets	2,641,318	948,644
TOTAL ASSETS	$ 443,530,392	$ 385,996,268
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	$ 25,870,248	$ 24,307,930
Income Tax Payable	26,756,287	8,326,756
Deferred Revenue	2,904,251	2,403,836
Notes Payable - Current Portion	2,000,000	2,000,000
Notes Payable - Related Party - Current Portion	510,217	923,728
Warrant Liability	5,869,341	9,891,666
Operating Lease Liability - Current Portion	2,615,247	2,541,297
Finance Lease Liability - Current Portion	2,476,001	2,271,666
Total Current Liabilities	69,001,592	52,666,879
Long-Term Liabilities:		
Notes Payable	4,000,000	4,000,000
Notes Payable - Related Party	11,983,801	11,979,246
Operating Lease Liability	20,466,435	20,601,301
Finance Lease Liability	19,107,217	17,167,619
Other Long-Term Liabilities	118,968,484	118,256,414
Construction Finance Liability	37,346,892	22,955,955
Deferred Tax Liability	4,946,212	5,486,245
TOTAL LIABILITIES	285,820,633	253,113,659
SHAREHOLDERS' EQUITY		
Common Stock, no par value; unlimited shares authorized as of March 31, 2020 and December 31, 2019, 110,346,346 and 110,346,346 issued and outstanding as of March 31, 2020 and December 31, 2019, respectively	-	-
Additional Paid-in-Capital	77,414,179	76,191,956
Accumulated Earnings	80,295,580	56,690,653
TOTAL SHAREHOLDERS' EQUITY	157,709,759	132,882,609
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 443,530,392	$ 385,996,268

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (UNAUDITED)

	March 31, 2020	March 31, 2019
Revenues, Net of Discounts	$ 96,056,510	$ 44,475,964
Cost of Goods Sold	22,226,386	18,322,853
Gross Profit	73,830,124	26,153,111
Expenses:		
General and Administrative	6,258,701	2,125,750
Sales and Marketing	22,865,516	11,080,812
Depreciation and Amortization	2,193,911	789,183
Total Expenses	31,318,128	13,995,745
Income From Operations	42,511,996	12,157,366
Other Income (Expense):		
Interest Expense, Net	(5,911,715)	(527,008)
Other Income (Expense), Net	4,898,580	11,037
Total Other Expense	(1,013,135)	(515,971)
Income Before Provision for Income Taxes	41,498,861	11,641,395
Provision For Income Taxes	17,893,934	7,698,941
Net Income and Comprehensive Income	$ 23,604,927	$ 3,942,454
Basic Net Income per Common Share	$ 0.21	$ 0.04
Diluted Net Income per Common Share	$ 0.20	$ 0.03
Weighted average number of common shares used in computing net income per common share:		
Basic	110,346,346	110,132,168
Diluted	115,235,740	115,604,261

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

TRULIEVE CANNABIS CORP.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

	Voting Shares	Multiple Voting Shares	Subordinate Voting Shares	Total Common Shares	Additional Paid-in-Capital	Accumulated Earnings	Total
Balance, January 1, 2019	85,246,600	13,750,451	11,135,117	110,132,168	$ 75,217,825	$ 3,596,204	$ 78,814,029
Additional Contribution from the Issuance of Below Market Interest Debt	-	-	-	-	10,092	-	10,092
Conversions of Multiple and Voting to Subordinate Shares	(11,233,300)	(4,555,529)	15,788,829	-	-	-	-
Net Income	-	-	-	-	-	3,942,454	3,942,454
Balance, March 31, 2019	74,013,300	9,194,922	26,923,946	110,132,168	$ 75,227,917	$ 7,538,658	$ 82,766,575
Balance, January 1, 2020	67,813,300	6,661,374	35,871,672	110,346,346	$ 76,191,956	$56,690,653	$132,882,609
Share-based compensation	-	-	-	-	1,222,223	-	1,222,223
Shares issued for cash - Warrant Exercise	-	-	-	-	-	-	-
Net Income	-	-	-	-	-	23,604,927	23,604,927
Balance, March 31, 2020	67,813,300	6,661,374	35,871,672	110,346,346	$ 77,414,179	$80,295,580	$157,709,759

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED)
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

	March 31, 2020	March 31, 2019
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income and Comprehensive Income	$ 23,604,927	$ 3,942,454
Adjustments to Reconcile Net Income and Comprehensive Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	2,193,911	789,184
Depreciation and Amortization Included in Cost of Goods Sold	2,504,150	888,622
Interest Expense	745,286	31,610
Loss/(Gain) from Sale of Property and Equipment	-	6,841
Amortization of Operating Lease Right of Use Assets	943,904	609,447
Share-based Compensation	1,222,223	-
Accretion of Construction Finance Liabilty	189,461	-
Loss/(Gain) on Fair Value of Warrants	(4,022,325)	-
Deferred Tax expense	(540,033)	(201,059)
Changes in Operating Assets and Liabilities:		
Inventories	(8,943,964)	(7,648)
Prepaid Expenses and Other Current Assets	(5,953,901)	(370,193)
Other Assets	(1,692,674)	103,060
Accounts Payable and Accrued Liabilities	(1,761,570)	(3,696,299)
Operating Lease Liabilities	(3,499,255)	(1,016,273)
Other Long-Term Liabilities	-	(722,733)
Income Tax Payable	18,429,531	7,876,636
Deferred Revenue	500,415	454,599
NET CASH PROVIDED BY OPERATING ACTIVITIES	23,920,086	8,688,248
CASH FLOW FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(27,603,153)	(11,932,318)
Capitalized interest	(205,895)	(117,665)
Proceeds from Sale of Property and Equipment	-	6,170
NET CASH USED IN INVESTING ACTIVITIES	(27,809,048)	(12,043,813)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Construction Finance Liability	14,201,476	-
Payments on Notes Payable - Related Party	(442,172)	(344,869)
Payments on Lease Obligations	(871,207)	(151,112)
NET CASH PROVIDED BY FINANCING ACTIVITIES	12,888,097	(495,981)
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,999,135	(3,851,546)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	91,812,821	24,430,109
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 100,811,956	$ 20,578,563
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
CASH PAID DURING THE PERIOD FOR		
Interest	$ 701,639	$ 581,936
Taxes	$ -	$ -

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (UNAUDITED) (CONTINUED)
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

	March 31, 2020	March 31, 2019
OTHER NONCASH INVESTING AND FINANCING ACTIVITIES		
Purchase of Property and Equipment Financed with Notes Payable - Related Party	$ -	$ 257,337
Purchase of Property and Equipment Financed with Accounts Payable	$ 3,323,890	$ 5,278,411
Property and Equipment Acquired via Finance Leases	$ 3,015,140	$ 4,814,923
Debt Discount Related to Below Market Interest Debt	$ -	$ 10,092

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

1. NATURE OF OPERATIONS

Trulieve Cannabis Corp. ("Trulieve" or the "Company") together with its subsidiaries was incorporated in British Columbia, Canada. Trulieve (through its wholly-owned licensed subsidiary, Trulieve, Inc.) is a vertically integrated cannabis company which currently operates under licenses in four states Florida, Massachusetts, California, and Connecticut to cultivate, produce, and sell medicinal-use cannabis products within such state. All revenues are generated in the United States, and all long-lived assets are located in the United States.

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

The Company's head office and principal address is located at 6749 Ben Bostic Road, Quincy, Florida 32351.The Company's registered office is located at Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7.

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The accompanying unaudited condensed consolidated interim financial statements include the accounts of Trulieve Cannabis Corp. and its subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") for interim financial information and in accordance with the rules and regulations of the United States Securities and Exchange Commission ("SEC"). Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements and, accordingly, certain information, footnotes and disclosures normally included in the annual financial statements, prepared in accordance with GAAP, have been condensed or omitted in accordance with SEC rules and regulations. The financial data presented herein should be read in conjunction with the audited consolidated financial statements and accompanying notes as of and for the years ended December 31, 2019 and 2018 ("2019 audited financial statements"). In the opinion of management, the financial data presented includes all adjustments necessary to present fairly the financial position, results of operations and cash flows for the interim periods presented. Results of interim periods should not be considered indicative of the results for the full year. These unaudited interim condensed consolidated financial statements include estimates and assumptions of management that affect the amounts reported in the unaudited condensed consolidated financial statements. Actual results could differ from these estimates.

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

There have been no changes to the Company's significant accounting policies as described in *Note 3* of the Company's 2019 audited consolidated financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Recently Adopted Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments". ASU 2016-13 requires the measurement of current expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Adoption of ASU 2016-13 will require financial institutions and other organizations to use forward-looking information to better formulate their credit loss estimates. In addition, the ASU amends the accounting for credit losses on available for sale debt securities and purchased financial assets with credit deterioration. This update was effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company adopted the ASU effective January 1, 2020. The adoption of ASU 2016-13 did not have a material impact on the Company's unaudited condensed consolidated interim financial statements.

In August 2018, the FASB issued ASU 2018-13, "Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)". ASU 2018-13 adds, modifies, and removes certain fair value measurement disclosure requirements. ASU 2018-13 was effective for annual and interim periods beginning after December 15, 2019. The Company adopted the ASU effective January 1, 2020. The adoption of ASU 2018-13 did not have a material impact on the Company's unaudited condensed consolidated interim financial statements.

(c) Recently Issued Accounting Pronouncements

Recent accounting pronouncements, other than those below, issued by the FASB, the American Institute of Certified Public Accountants ("AICPA") and the SEC did not or are not believed by management to have a material effect on the Company's present or future financial statements.

In January 2020, the FASB issued ASU 2020-01, "Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)". ASU 2020-01 is intended to clarify the interaction of the accounting for equity securities under Topic 321 and investments accounted for under the equity method of accounting in Topic 323, and the accounting for certain forward contracts and purchased options accounted for under Topic 815. ASU 2020-01 is effective for the Company beginning January 1, 2021. The Company does not expect there to be a material effect on the Company's present or future financial statements as a result of adopting this ASU.

In August 2020, the FASB issued ASU 2020-06, "Debt—Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging—Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity", to improve financial reporting associated with accounting for convertible instruments and contracts in an entity's own equity.

The amendments in this Update are effective for public business entities that meet the definition of an SEC filer, excluding entities eligible to be smaller reporting companies as defined by the SEC, for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted, but no earlier than fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. The Board specified that an entity should adopt the guidance as of the beginning of its annual fiscal year. The Company is currently evaluating the effect of adopting this ASU on the Company's financial statements.

3. INVENTORIES

Inventories were comprised of the following items:

	March 31, 2020	December 31, 2019
Raw Material		
Cannabis plants	$ 8,119,530	$ 10,835,213
Harvested Cannabis and Packaging	6,223,677	8,132,078
Total Raw Material	14,343,207	18,967,291
Work in Process	49,013,221	34,212,098
Finished Goods-Unmedicated	3,984,523	5,263,006
Finished Goods-Medicated	7,583,623	7,538,215
Total Inventories	$ 74,924,574	$ 65,980,610

4. PROPERTY AND EQUIPMENT

At March 31, 2020 and December 31, 2019, Property and Equipment consisted of the following:

	March 31, 2020	December 31, 2019
Land	$ 4,479,440	4,479,440
Buildings & Improvements	93,033,524	89,542,405
Construction in Progress	53,279,365	24,731,976
Furniture & Equipment	37,737,902	38,658,852
Vehicles	303,549	288,169
Total	188,833,780	157,700,842
Less: Accumulated Depreciation	(16,202,765)	(12,953,223)
Total Property & Equipment, net	$ 172,631,015	$ 144,747,619

For the three months ended March 31, 2020 and 2019, the Company capitalized interest of $205,895 and $117,665, respectively.

For the three months ended March 31, 2020 and 2019, there was depreciation expense of $3,249,542 and $1,262,658, respectively.

5. LEASES

On January 1, 2019, the Company adopted ASC 842, Leases ("Topic 842") using the modified retrospective transition method. Topic 842 requires the recognition of lease assets and liabilities for operating and finance leases. Beginning on January 1, 2019, the Company's consolidated financial statements are presented in accordance with the revised policies.

For additional information regarding the adoption of Topic 842 see "*Note 11 – Leases*" of the Company's 2019 audited consolidated financial statements.

5. LEASES (CONTINUED)

Information related to operating and finance leases as of March 31, 2020 are as follows:

	Finance Lease	Operating Lease
Weighted average discount rate	8.04%	8.58%
Weighted average remaining lease term (in years)	8.25	7.28

The maturity of the contractual undiscounted lease liabilities as at March 31, 2020 is as follows:

Quarter Ending March 31,

	Finance Lease	Operating Lease
Remainder of 2020	$ 3,600,847	$ 3,273,214
2021	4,614,092	4,184,794
2022	4,179,184	4,050,082
2023	3,769,419	3,904,439
2024	3,289,651	3,546,285
Thereafter	12,350,822	12,121,496
Total undiscounted lease liabilities	31,804,015	31,080,310
Interest on lease liabilities	(10,220,797)	(7,998,628)
Total present value of minimum lease payments	21,583,218	23,081,682
Lease liability - current portion	2,476,001	2,615,247
Lease liability	$ 19,107,217	$ 20,466,435

The following table provides the components of lease cost recognized in the consolidated Statements of Operations and Comprehensive Income for the three months ended March 31, 2020 and 2019:

Lease Cost	2020	2019
Operating lease cost	994,677	1,528,184
Finance lease cost:		
Amortization of lease assets	857,036	191,362
Interest on lease liabilities	406,176	51,823
Finance lease cost	1,263,212	243,185
Variable lease cost	93,215	25,155
Total lease cost	$ 2,351,104	$ 1,796,524

6. CONSTRUCTION FINANCE LIABILITY

In July 2019, the Company sold property it had recently acquired in Massachusetts for $3.5 million, which was the cost to the Company. In connection with the sale of this location, the Company agreed to lease the location back for cultivation. This transaction was determined to be a finance lease, and therefore did not meet the definition of a sale because control was never transferred to the buyer-lessor. The transaction was treated as a failed sale-leaseback financing arrangement.

Included in the agreement, the Company is expected to complete tenant improvements related to the property, for which the landlord has agreed to provide a tenant improvement allowance ("TI Allowance")

6. CONSTRUCTION FINANCE LIABILITY (CONTINUED)

for $40 million. As of March 31, 2020, and December 31, 2019, $7,490,852 and $2,571,042, respectively, of the TI Allowance has been provided. The initial term of the agreement is ten years, with two options to extend the term for five years each. The initial payments are equal to 11% of the sum of the purchase price for the property and will increase when a draw is made on the TI Allowance. In addition, a 3% increase in payments will be applied annually after the first year. As of March 31, 2020, and December 31, 2019, the total finance liability associated with this transaction is $20,385,478 and $6,065,630, respectively.

Under the failed-sale-leaseback accounting model, the Company is deemed under GAAP to still own this real estate and will reflect the properties on the condensed consolidated balance sheet and depreciate over the assets' remaining useful life.

The Company is making interest only payments on the financing arrangements through March 31, 2025 with the entire balance of $37,346,892 due thereafter.

In October 2019, the Company sold property in Florida in exchange for cash of $17.0 million. Concurrent with the closing of the purchase, the buyer entered into a lease agreement with the Company, for continued operation as a licensed medical cannabis cultivation facility. Control was never transferred to the buyer-lessor because the transaction was determined to be a finance lease and did not meet the requirements of a sale. The transaction was treated as a failed sale-leaseback financing arrangement.

The initial term of the agreement is ten years, with two options to extend the term for five years each. The initial annualized payments are equal to 11% of the purchase price for the property. A 3% increase in payments will be applied annually after the first year. As of March 31, 2020, and December 31, 2019, the total finance liability associated with this transaction is $16,961,414 and $16,890,325, respectively.

7. DEBT

On June 18, 2019, the Company completed a private placement financing comprising 5-year senior secured promissory notes (the “June Notes”) with a face value of $70,000,000. The June Notes accrue interest at an annual rate of 9.75%, payable semi-annually, in equal installments, in arrears on June 18 and December 18 of each year, commencing on December 18, 2019. The purchasers of the June Notes also received warrants to purchase 1,470,000 Subordinate Voting Shares at an exercise price of C$17.25 (the “June Warrants”), which can be exercised for three years after the closing.

The June Notes will accrete from their carrying value on June 18, 2019 of $60,987,544 to $70,000,000 at maturity in 5 years using an effective interest rate of 13.32%. For the three months ended March 31, 2020, the Company recognized accretion expense of $348,041.

The June Warrants were re-valued at $2,847,502 at March 31, 2020 using the Black Scholes option pricing model and the following assumptions: Share price: C$12.90; Exercise Price: C$17.25; Expected Life: 2.2 years; Annualized Volatility: 50.88%; Dividend yield: 0%; Discount Rate: 1.92%; C$ Exchange Rate: 1.42. For the three months ended March 31, 2020 the company recognized a gain of $1,951,425 and has been recognized and is included in Other Income (Expense), Net.

On November 7, 2019, the Company completed a prospectus offering of 60,000 units of the Company (the “November Units”), comprised of an aggregate principal amount of $60,000,000 of 9.75% senior

7. DEBT (CONTINUED)

secured notes of the Company maturing in 2024 (the "November Notes") and an aggregate amount of 1,560,000 subordinate voting share warrants of the Company (each individual warrant being a "November Warrant") at a price of $980 per Unit for gross proceeds of $61,059,000. Each Unit was comprised of one Note issued in denominations of $1,000 and 26 Warrants.

The November Notes will accrete from their carrying value on November 7, 2019 of $52,512,731 to $60,000,000 at maturity in 4.6 years using an effective interest rate of 13.43%. For the three months ended March 2020 the Company recorded accretion expense of $361,480.

The November Warrants were re-valued at $3,021,839 at March 31, 2020 using the Black-Scholes option pricing model and the following assumptions: Share price: C$12.90; Exercise Price: C$17.25; Expected Life: 2.2 years; Annualized Volatility: 50.88%; Dividend yield: 0%; Discount Rate: 1.92%; C$ Exchange Rate: 1.42. For the three months ended March 31, 2020 the company recognized a gain of $2,070,900 which has been recognized and included in Other Income (Expense), Net.

The $130,000,000 principal amount of the June and November Notes are due in June 2024.

8. SHARE-BASED COMPENSATION

The Company has a Stock Option Plan (the "Plan") as administered by the Board of Directors. The aggregate number of Subordinate Voting Shares which may be reserved for issue under the Plan shall not exceed 10% of the issued and outstanding number of Subordinate Voting Shares.

In determining the amount of share-based compensation related to options issued during the three months ended March 31, 2020, the Company used the Black-Scholes pricing model to establish the fair value of the options granted with the following assumptions:

	Three Months Ended March 31, 2020
Fair Value at Grant Date	$3.26
Stock Price at Grant Date	$11.52
Exercise Price at Grant Date	$11.52
Expected Life in Years	2.00
Expected Volatility	49.10%
Expected Annual Rate of Dividends	0%
Risk Free Annual Interest Rate	1.58%

The expected volatility was estimated by using the historical volatility of other companies that the Company considers comparable that have trading and volatility history prior to the Company becoming public. The expected life in years represents the period of time that options granted are expected to be outstanding. The risk-free rate was based on the United States two-year bond yield rate at the time of grant of the award. Expected annual rate of dividends is based on the fact that the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future.

On January 3, 2020, under the Plan, the Board awarded options to purchase shares to directors, officers, and key employees of the Company. In accordance with the Plan's policy, the vesting period for

8. SHARE-BASED COMPENSATION (CONTINUED)

employees is 15% as of the date of issuance, 25% vest on December 31, 2020, and 60% vest on December 31, 2021. For Board of Directors Founder members there is 100% vesting on the date of issuance. For

Board of Directors non-founders' members 50% of the options vest on December 31, 2020, and 50% vest on December 31, 2021.

For the three months ended March 31, 2020, the Company recorded share-based compensation in the amount of $1,222,223. This is recognized as $98,373 in Cost of Goods Sold, Net, $927,102 in General and Administrative, and $196,748 in Sales and Marketing in the unaudited Condensed Consolidated Interim Statements of Operations and Comprehensive Income.

The number and weighted-average exercise prices of options at March 31, 2020 were as follows:

	Number of options 2020	Weighted average exercise price 2020
Oustanding at January 1, 2020	-	$ -
Granted	1,027,042	11.52
Forfeited	-	-
Outstanding, March 31, 2020	1,027,042	11.52
Exercisable, March 31, 2020	272,235	$ 11.52

9. EARNINGS PER SHARE

The following is a reconciliation for the calculation of basic and diluted earnings per share for the three months ended March 31, 2020 and 2019:

	2020	2019
Net Income and Comprehensive Income	$ 23,604,927	$ 3,942,454
Weighted average number of common shares outstanding	110,346,346	110,132,168
Dilutive effect of warrants outstanding	4,889,394	5,472,093
Diluted weighted average number of common shares outstanding	115,235,740	115,604,261
Basic earnings per share	$ 0.21	$ 0.04
Diluted earnings per share	$ 0.20	$ 0.03

For the three months ended March 31, 2020, all stock options outstanding were not included in the computation of diluted earnings per share because the options' exercise prices or assumed proceeds per share were greater than the average market price of our common stock, and therefore, would have an anti-dilutive effect.

10. INCOME TAXES

The following table summarizes the Company's income tax expense and effective tax rates for the three months ended:

10. INCOME TAXES (CONTINUED)

	March 31, 2020	March 31, 2019
Income Before Provision for Income Taxes	$ 41,498,861	$ 11,641,395
Provision For Income Taxes	$ 17,893,934	$ 7,698,941
Effective Tax Rate	43.12%	66.13%

The effective tax rates for the three months ended March 31, 2020 and March 31, 2019 were based on the Company's forecasted annualized effective tax rates and were adjusted for discrete items that occurred within the periods presented.

Due to its cannabis operations, the Company is subject to the limitations of Internal Revenue Code ("IRC") Section 280E under which the Company is only allowed to deduct expenses directly related to sales of product. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable under IRC Section 280E.

The impact of an uncertain income tax position taken in our income tax return is recognized at the largest amount that is more-likely-than-not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position is not recognized if it has less than a 50% likelihood of being sustained.

Uncertain tax positions of $3,914,577 are recorded as other long-term liabilities in the consolidated balance sheet as of March 31, 2020 and December 31, 2019. No material interest and penalties were accrued based on the amount of estimated tax payments made through March 31, 2020 and 2019.

11. RELATED PARTIES

The Company had raised funds by issuing notes to various related parties including directors, officers, and shareholders and the notes payable balances as of March 31, 2020 and December 31, 2019 were $12,510,217 and $12,952,389, respectively. The amounts are included in current Notes Payable – Related Party as of March 31, 2020 and current and non-current Notes Payable – Related Party in the unaudited Condensed Consolidated Interim Balance Sheets.

J.T. Burnette, the spouse of Kim Rivers, the Chief Executive Officer and Chair of the Board of Directors of the Corporation, is a minority owner of a company (the "Supplier") that provides construction and related services to the Company. The Supplier is responsible for the construction of the Company's cultivation and processing facilities, and provides labor, materials, and equipment on a cost-plus basis. For the three months ended March 31, 2020 and the year ended December 31, 2019, property and equipment purchases from J.T. Burnette consisting of construction related serviced, totaled $21,517,724 and $46,381,877, respectively. As of March 31, 2020, and December 31, 2019, respectively, $7,218,836, and $6,463,125 was included in Accounts Payable in the unaudited Condensed Consolidated Interim Balance Sheets. The use of the Supplier was reviewed and approved by the independent members of the Company's board of directors, and all invoices are reviewed by the office of the Company's general counsel.

The Company has many leases from various real estate holding companies that are managed by various related parties including Benjamin Atkins, a former director and current shareholder of the Company, and the Supplier. As of March 31, 2020, and December 31, 2019, and under ASC 842, the Company had

11. RELATED PARTIES (CONTINUED)

$16,924,233 and $18,850,685 of right-of-use assets in Property and Equipment, Net, respectively, and $17,660,398 and $19,296,170 of Lease Liability, respectively. As of March 31, 2020, and December 31, 2019, $1,709,733 and $1,823,052 is included in Lease Liability – Current in the unaudited Condensed Consolidated Interim Balance Sheets.

12. CONTINGENCIES

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. Except as disclosed below, as of March 31, 2020, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's consolidated Statements of Operations and Comprehensive Income. There are also no proceedings in which any of the Company's directors, officers or affiliates is an adverse party or has a material interest adverse to the Company's interest.

As disclosed in the annual audited consolidated financial statements for the year ended December 31, 2019, a securities class-action complaint, In re Trulieve Cannabis Corp. Securities Litigation, No. 1:19-cv-07289, was filed against the Company and is still ongoing. This case has been removed from New York to Florida federal court with no other material developments. The Company believes that the suit is immaterial and that the claims are without merit and intends to vigorously defend against them.

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) Financial Instruments

The Company's financial instruments carried at fair value consist of money market funds and warrant liability. The Company's financial instruments where carrying value approximates the fair value as of March 31, 2020 and December 31, 2019 include cash, accounts payable and accrued liabilities, notes payable, notes payable related party, operating lease liability, finance lease liability, other long-term liabilities, and construction finance liability.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. There have been no transfers between hierarchy levels in the amounts presented in the unaudited consolidated balance sheets as of March 31, 2020 and December 31, 2019.

(b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by reviewing on an ongoing basis its capital requirements.

(c) Credit Risk

The Company does not believe there is a credit risk, revenue is generated through cash transactions. The Company's revenue is generated from on demand sales and does not enter into wholesale agreements, therefore the Company does not have trade accounts receivable, and the Company does not believe we have credit risk.

13. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market Risk

(i) Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's interest-bearing loans and borrowings all have fixed interest rates. The Company considers interest rate risk to be immaterial.

(ii) Concentration Risk

The Company operates substantially in Florida. Should economic conditions deteriorate within that region, its results of operations and financial position would be negatively impacted.

(iii) Price Risk

Price risk is the risk of variability in fair value due to movements in equity or market prices. The Company has exposure to the U.S. dollar and Canadian dollar from warrant derivatives. The Company is mainly exposed to a 10% change in the U.S. dollar against the Canadian dollar which would result in an immaterial impact to net income.

(e) COVID-19 Pandemic

The Company'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. This has resulted in significant economic uncertainty and consequently, it is difficult to reliably measure the potential impact of this uncertainty on our future financial results. Possible future impacts resulting from local or statewide ordinances to help curb the spread of COVID-19 could include limitations on the number of customers in retail stores due to social distancing requirements or forced store closures which forces sales through delivery services.

14. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 31, 2021, which is the date these unaudited condensed consolidated interim financial statements were approved by Management.

On September 21, 2020, the Company concluded the offer and sale of 4,715,000 Subordinate Voting Shares pursuant to an agreement with Canaccord Genuity Corp. (the "Underwriter") at a price of $18.56 per share. After paying the Underwriter a commission of approximately $4.1 million, the Company received aggregate consideration of approximately $83.2 million. Net proceeds from the Offering are expected to be used primarily to fund Trulieve's business development and for general working capital purposes. The Company has made the required filings to list the Offered Securities on the Canadian Securities Exchange.

In October 2020, Life Essence, entered into an asset purchase agreement with Patient Centric of Martha's Vineyard Ltd. or PCMV, pursuant to which Life Essence agreed to purchase certain assets of PCMV including the rights to a Provisional Marijuana Retailer License from the Massachusetts Cannabis Control Commission, the right to exercise an option held by PCMV to lease real property in Framingham, Massachusetts for use as a marijuana retailer, and necessary municipal entitlements to operate as a marijuana retailer at the property. Life Essence has agreed to acquire these assets for an aggregate purchase price of $4.7 million payable in Subordinate Voting Shares totaling 258,383, of which 10,881 are subject to a holdback for six months as security for any indemnity claims by us under the asset

14. SUBSEQUENT EVENTS (CONTINUED)

purchase agreement. The asset purchase agreement includes customary representations, warranties, and indemnities. We expect the closing of the transaction to occur promptly following receipt of applicable state and local regulatory approvals. The issuance of the Subordinate Voting Shares at the closing will have a dilutive impact on our existing shareholders. The closing of the asset acquisition is subject to customary closing conditions including necessary regulatory approvals.

On November 12, 2020, the Company acquired 100% of the membership interests of both PurePenn, LLC and Pioneer Leasing & Consulting, LLC (collectively "PurePenn"). The purpose of this acquisition was to acquire the cultivation and manufacturing facility located in McKeesport, Pennsylvania. Trulieve acquired PurePenn for an upfront payment of $46 million, comprised of $27 million or 1,780,061 in Trulieve subordinate voting shares ("Trulieve Shares") and $19 million in cash, plus a potential earn-out payment of up to 2,405,488 Trulieve Shares based on the achievement of certain agreed EBITDA milestones. The earn-out period is through the end of 2021. The acquisition was accounted for as a business combination in accordance with the Accounting Standards Codification (ASC) 805, Business Combinations. Total transaction costs related to the acquisition were approximately $1.8 million.

On November 12, 2020, the Company acquired 100% of the membership interests of Keystone Relief Centers, LLC (referred to herein as "Solevo Wellness"). The purpose of this acquisition was to acquire the licenses to operate three medical marijuana dispensaries in the Pittsburgh, Pennsylvania area. Trulieve acquired Solevo for an upfront purchase price of $20 million, comprised of $10 million in cash and $10 million or 481,097 in Trulieve Shares, plus a potential earn-out payment of up to 721,647 Trulieve Shares based on the achievement of certain agreed EBITDA milestones. The earn-out period is through the end of 2021. The acquisition was accounted for as a business combination in accordance with the Accounting Standards Codification (ASC) 805, Business Combinations. Total transaction costs related to the acquisition were approximately $0.9 million.

On December 10, 2020, the Company entered into a Supplemental Warrant Indenture with Odyssey Trust Company pursuant to which it amended the terms of the issued and outstanding subordinate voting share purchase warrants of the Company (the "Public Warrants") to convert the exercise price of the Public Warrants to $13.47 per share, the U.S. dollar equivalent of the Canadian dollar exercise price of the Public Warrants of C$17.25. The U.S. dollar exercise price was determined using the U.S. dollar exchange rate published by the Bank of Canada as at the close of business on December 9, 2020 of C$1.00 = $0.781. As of December 10, 2020, the June Notes converted to equity as per ASC 815-40, at an expense of $25.5 million which is included in other (expense) income on the consolidated statement of operations and comprehensive income. As of December 10, 2020, the November Notes converted to equity as per ASC 815-40, at an expense of $27.1 million, which is included in other (expense) income on the consolidated statement of operations and comprehensive income.

On March 21, 2021, in accordance with the terms of our Articles, an aggregate of 551,614 outstanding Super Voting Shares converted automatically, without any action by the holders of such Super Voting Shares, into an aggregate of 551,614 Multiple Voting Shares

On March 22, 2021, we entered into a membership interest purchase agreement with Mountaineer Holding, LLC ("Mountaineer"). Mountaineer holds a West Virginia cultivation license and two dispensary licenses. We expected the transaction to close promptly following regulatory approval.