

No securities regulatory authority has expressed an opinion about these securities, and it is an offence to claim otherwise. This prospectus supplement, together with the short form base shelf prospectus dated January 29, 2021 to which it relates, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. Trulieve Cannabis Corp. has filed a registration statement on Form S-1 with the United States Securities and Exchange Commission under the United States Securities Act of 1933, as amended, with respect to these securities. See “Plan of Distribution”.

Information has been incorporated by reference in this prospectus supplement from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the secretary of the issuer at 6749 Ben Bostic Road, Quincy, Florida, 32351, telephone (850) 480-7955, and are also available electronically at www.sedar.com.

**PROSPECTUS SUPPLEMENT
(TO A SHORT FORM BASE SHELF PROSPECTUS DATED JANUARY 29, 2021)**

New Issue

April 7, 2021



TRULIEVE CANNABIS CORP.

**C\$50.00
5,000,000 Subordinate Voting Shares**

This prospectus supplement (the “**Prospectus Supplement**”) of Trulieve Cannabis Corp. (the “**Company**” or “**Trulieve**”), together with the short form base shelf prospectus dated January 29, 2021 to which it relates (the “**Prospectus**”), qualifies the distribution of 5,000,000 subordinate voting shares of the Company (the “**Initial SV Shares**”) at a price of C\$50.00 per Initial SV Share (the “**Offering Price**”). See “*Details of the Offering*” and “*Plan of Distribution*”.

The Offering is being made pursuant to an underwriting agreement dated April 7, 2021 (the “**Underwriting Agreement**”) among the Company and Canaccord Genuity Corp. and Canaccord Genuity LLC (collectively, “**Canaccord**”), as sole bookrunner, and Cormark Securities Inc. (collectively with Canaccord, the “**Co-Lead Underwriters**”), as co-lead underwriters, ATB Capital Markets Inc., Echelon Wealth Partners Inc., Eight Capital and PI Financial Corp. (collectively with the Co-Lead Underwriters, the “**Underwriters**”). The Underwriters, as principals, conditionally offer the Initial SV Shares, subject to prior sale, if, as and when issued by the Company and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under “*Plan of Distribution*”, and subject to approval of certain legal matters on behalf of the Company by DLA Piper (Canada) LLP and on behalf of the Underwriters by Stikeman Elliott LLP. The Offering Price was determined by negotiation between the Company and Canaccord, on behalf of the Underwriters. See “*Plan of Distribution*”.

The Company has filed a registration statement on Form S-1, as amended (File No. 333-255037) (the “**U.S. Registration Statement**”), with respect to the Offered SV Shares (as defined below) offered hereby with the United States Securities and Exchange Commission (the “**SEC**”) under the United States *Securities Act of 1933*, as amended (the “**U.S. Securities Act**”). The U.S. prospectus contained in the U.S. Registration Statement (the “**U.S. Prospectus**”) is included in and forms a part of this Prospectus Supplement. **This Prospectus Supplement qualifies the distribution of the Offered SV Shares offered hereby to investors resident in each of the provinces and territories of Canada, other than Québec. The Offered SV Shares will not be offered or sold to investors resident in Québec.**

Price: C\$50.00 per Initial SV Share

| | <u>Price to the Public</u> ⁽¹⁾ | <u>Underwriters' Fee</u> ⁽²⁾ | <u>Net Proceeds</u> ⁽³⁾ |
|-------------------------------|--|--|---|
| Per Initial SV Share | C\$50.00 | C\$2.00 | C\$48.00 |
| Total Offering ⁽⁴⁾ | C\$250,000,000 | C\$10,000,000 | C\$240,000,000 |

Notes:

- (1) The Offering Price was determined by agreement between the Company and Canaccord, on behalf of the Underwriters, with reference to the prevailing market price of the subordinate voting shares of the Company.
- (2) The Company has agreed to pay the Underwriters a cash fee equal to 4.0% (the “**Underwriters’ Fee**”) of the gross proceeds of the Offering (including any gross proceeds of the Over-Allotment Option). See “*Plan of Distribution*”
- (3) After deducting the Underwriters’ Fee, but before deducting the expenses of the Offering (estimated to be approximately C\$1,255,900) payable by the Company, which will be paid from the proceeds of the Offering.
- (4) The Underwriters agreed to originally purchase 5,000,000 Initial SV Shares and, in addition, the Company has granted the Underwriters an option (the “**Over-Allotment Option**”), exercisable in whole or in part at any time until the date that is 30 days following the Closing Date (as defined herein), to purchase up to an additional amount of Initial SV Shares equal to 15% if the Initial SV Shares sold pursuant to the Offering, being 750,000 subordinate voting shares of the Company (the “**Additional SV Shares**” and, together with the Initial SV Shares, the “**Offered SV Shares**”) at a price of C\$50.00 per Additional SV Share, solely to cover over-allotments, if any. If the Over-Allotment Option is exercised in full, using the same assumptions as are set forth in notes (1) and (2) above, the price to the public, the Underwriters’ Fee and the net proceeds to the Company will be C\$287,500,000, C\$11,500,000 and C\$276,000,000, respectively. A purchaser who acquires Additional SV Shares forming part of the Underwriters’ over-allocation position acquires those Additional SV Shares under this Prospectus Supplement, regardless of whether the over-allocation position is ultimately filled through the exercise of the Over-Allotment Option or secondary market purposes. See “*Plan of Distribution*”.

| <u>Underwriters’ Position</u> | <u>Maximum Size</u> | <u>Exercise Period</u> | <u>Exercise Price</u> |
|-------------------------------|------------------------------|---|----------------------------------|
| Over-Allotment Option | 750,000 Additional SV Shares | Up to the 30 th day following the Closing Date | C\$50.00 per Additional SV Share |

The Underwriters propose to offer the Initial SV Shares initially at the Offering Price. After a reasonable effort has been made to sell all of the Initial SV Shares at the price specified, the Underwriters may subsequently reduce the selling price to investors from time to time in order to sell any of the Initial SV Shares remaining unsold. Any such reduction will not affect the proceeds received by the Company. See “*Plan of Distribution*”.

The outstanding subordinate voting shares of the Company (the “**Subordinate Voting Shares**”) are listed and posted for trading on the Canadian Securities Exchange (the “**CSE**”) under the symbol “TRUL”. On April 6, 2021, the last trading day completed prior to the filing of this Prospectus Supplement, the closing price of the Subordinate Voting Shares on the CSE was C\$55.19. See “*Plan of Distribution*”.

An investment in the Offered SV Shares is speculative and involves a high degree of risk. The risk factors identified in this Prospectus Supplement, the Prospectus and the documents incorporated by reference herein and therein should be carefully reviewed and evaluated by the Investor before purchasing the Offered SV Shares. See “*Risk Factors*” in the U.S. Prospectus, the Prospectus and the documents incorporated by reference herein and therein.

Subscriptions for the Offered SV Shares will be received subject to rejection or allotment, in whole or in part, and the Underwriters reserve the right to close the subscription books at any time without notice. Closing of the Offering is expected to take place on or about April 12, 2021, or such other date as may be agreed upon by the Company and the Underwriters, but in any event no later than April 19, 2021 (the “**Closing Date**”). See “*Plan of Distribution*”.

Subject to applicable laws, the Underwriters may, in connection with the Offering, effect transactions which stabilize or maintain the market of Offered SV Shares at levels other than those that might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time and must be brought to an end after a limited period. See “*Plan of Distribution*”.

The Offered SV Shares will be deposited on the Closing Date with CDS Clearing and Depository Services Inc. (“**CDS**”) or its nominee in electronic form, except in certain limited circumstances. A purchaser of Offered SV Shares will receive only a customer confirmation from the registered dealer from or through whom such securities are purchased and who is a CDS participant. No certificates evidencing the Offered SV Shares will be issued to investors except in limited circumstances. See “*Non-Certificated Inventory System*”.

The Company has two classes of issued and outstanding shares: Subordinate Voting Shares and multiple voting shares (“**Multiple Voting Shares**”). All of the Company’s previously outstanding super voting shares (“**Super Voting Shares**”) automatically converted into Multiple Voting Shares on March 21, 2021 and, following that conversion, the Company may not issue additional Super Voting Shares. The Subordinate Voting Shares are “restricted securities” within the meaning of such term under applicable Canadian securities laws. The Subordinate Voting Shares and the Multiple Voting Shares are substantially identical with the exception of the multiple voting rights and conversion rights attached to the Multiple Voting Shares.

The Subordinate Voting Shares entitle the holders to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company have the right to vote. Each Subordinate Voting Share is entitled to one vote per Subordinate Voting Share and each Multiple Voting Share is entitled to 100 votes per Multiple Voting Share on all matters upon which the holders of shares are entitled to vote, and holders of Subordinate Voting Shares and Multiple Voting Shares will vote together on all matters subject to a vote of holders of each of those classes of shares as if they were one class of shares, except to the extent that a separate vote of holders as a separate class is required by law or provided by the Company’s articles. Each Multiple Voting Share is convertible into 100 Subordinate Voting Shares at any time at the option of the holders thereof and automatically in certain other circumstances. The holders of Subordinate Voting Shares have certain conversion rights in the event of a take-over bid for the Multiple Voting Shares. See “*Description of the Share Capital of the Company – Take-Over Bid Protection*” in the Prospectus and “*Description of Capital Stock*” in the U.S. Prospectus.

The directors and certain officers of the Company, all of whom reside outside of Canada, have appointed DLA Piper (Canada) LLP, Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7, as agent for service of process. Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that resides outside of Canada, even if the party has appointed an agent for service of process.

No Canadian securities regulator has approved or disapproved of the securities offered hereby, passed upon the accuracy or adequacy of this Prospectus Supplement or the Prospectus or determined if this Prospectus Supplement or the Prospectus are truthful or complete. Any representation to the contrary is an offence.

The Company's head office is located at 6749 Ben Bostic Road, Quincy, Florida, 32351, telephone (850) 480-7955, and its registered office is located at Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7.

This Prospectus Supplement is being filed in relation to the distribution of securities of an entity that currently derives, directly, substantially all of its current revenues from the cannabis industry in the State of Florida, which industry is illegal under United States federal law and enforcement of relevant laws is a significant risk. The Company derives 100% of its revenues from the cannabis industry in certain states of the United States, which industry is illegal under United States federal law. The Company is directly involved (through its licensed subsidiary, Trulieve, Inc. (“Trulieve US”) in the cannabis industry in the State of Florida where state and local laws permit such activities. Currently, Trulieve US is directly engaged in the cultivation, possession, use, sale and distribution of medical cannabis in the State of Florida. The State of Florida has legalized the medical use of cannabis and has not legalized the recreational use of cannabis.

On November 30, 2018, the Company acquired 80% of the issued and outstanding membership interests of Leef Industries, LLC (“Leef Industries”), a licensed medical and adult-use cannabis dispensary located in Palm Springs, California. Payment for 19% occurred in 2019 and payment for the remaining 1% was made in 2020. As a result of the acquisition of Leef Industries, the Company is currently directly engaged in the sale of medical and adult-use cannabis in the State of California.

On December 13, 2018, the Company acquired all of the issued and outstanding capital stock of Life Essence, Inc. (“Life Essence”), a Massachusetts corporation currently in the licensing and development phase for multiple adult-use and medical cannabis retail locations, and a cultivation and product manufacturing facility in the Commonwealth of Massachusetts. In October 2020 and December 2020, Life Essence entered into asset purchase agreements with Patient Centric of Martha’s Vineyard Ltd., or PCMV, and Nature’s Remedy of Massachusetts, Inc., or Nature’s Remedy, respectively, pursuant to which Life Essence agreed to purchase certain assets of PCMV and Nature’s Remedy. 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 a Final Adult Use Marijuana Retailer License for an adult-use dispensary in Northampton and a Final Medical Marijuana Treatment Center License for medical cannabis cultivation and processing in Holyoke and an affiliated dispensing location in Northampton. Life Essence also holds Provisional Licenses for Adult Use cultivation and processing at the same facility in Holyoke, and provisional certificates of registration for medical cannabis dispensaries in Holyoke and Cambridge. Life Essence has received clearance to admit plant stock to the Holyoke facility and pending final inspections, expects to receive final adult-use cultivation and processing licenses. The completion of these licensing processes will allow Life Essence to capitalize on its investment in infrastructure and engage in vertically integrated operations in both adult-use and medical markets in Massachusetts.

On May 21, 2019, the Company announced it had acquired all of the issued and outstanding securities of The Healing Corner, Inc. (“Healing Corner”), a medical cannabis dispensary located in Bristol, Connecticut. As a result of the acquisition of Healing Corner, the Company is currently directly engaged in the sale of medical cannabis in the State of Connecticut.

On November 12, 2020, the Company announced it had acquired 100% of the membership interests of: (i) PurePenn LLC and Pioneer Leasing & Consulting LLC, which is referred to collectively as “PurePenn”, and (ii) Keystone Relief Centers LLC, which does business as and is referred to herein as “Solevo Wellness”. PurePenn operates cannabis cultivation and manufacturing facilities in the Pittsburgh, Pennsylvania area. Solevo Wellness operates three medical cannabis dispensaries in the Pittsburgh, Pennsylvania area. On April 2, 2021, the Company entered into a definitive agreement pursuant to which it agreed to acquire 100% of the membership interests of Anna Holdings LLC and its wholly owned subsidiary, Chamounix Ventures, LLC, which is referred to collectively as “Keystone Shops”. Trulieve has agreed to acquire Keystone Shops for \$60.0 million, comprised of \$40.0 million in Subordinate Voting Shares and \$20.0 million in cash, subject to adjustment based as described in the definitive agreement. Keystone Shops holds a dispensary license and operates dispensaries in Philadelphia, Devon, and King of Prussia, Pennsylvania. The Subordinate Voting Shares to be issued in at closing will be subject to a lockup period of up to 18 months. The transaction is subject to customary closing conditions and regulatory approvals and is expected to close during the second quarter of 2021. As a result of the acquisition of PurePenn and Solevo Wellness, the Company is currently directly engaged in the cultivation, possession, use, sale and distribution of medical cannabis in the Commonwealth of Pennsylvania.

On November 13, 2020, Trulieve WV, Inc. (“Trulieve WV”) was awarded a processor permit by the West Virginia Office of Medical Cannabis. On January 29, 2021, Trulieve WV was notified that it has been awarded four dispensary permits by the West Virginia Office of Medical Cannabis. On March 22, 2021, the Company entered into a membership interest purchase agreement with Mountaineer Holding, LLC (“Mountaineer”). Mountaineer holds a West Virginia cultivation license and two dispensary licenses. The Company expects the transaction to close promptly following regulatory approval. The Company is actively working to begin operations as soon as reasonably practicable, which will vary by location depending on permitting and construction timelines.

Other than hemp and hemp derivatives under certain circumscribed circumstances, cannabis is illegal under United States federal law. The United States federal government regulates drugs through the Controlled Substances Act (21 U.S.C. § 811) (the “CSA”), which places controlled substances, including cannabis, in a schedule. Cannabis, other than hemp, is classified as a Schedule I controlled substance. Under United States federal law, a Schedule I controlled substance has a high potential for abuse, no accepted medical use in the United States, and a lack of accepted safety for the use of the drug under medical supervision. The United States Food and Drug Administration (the “FDA”) has approved Epidiolex, which contains a purified form of the drug CBD, a non-psychoactive cannabinoid in the cannabis plant, for the treatment of seizures associated with two epilepsy conditions. The FDA has not approved cannabis or cannabis compounds as a safe and effective drug for any other condition. It is a federal felony to manufacture, distribute, dispense, or possess with intent to manufacture, distribute, or dispense cannabis. It is also a federal misdemeanor to knowingly or intentionally possess cannabis, and it is a federal felony to attempt or conspire to violate the CSA. Aiding and abetting a violation of the CSA is a federal crime punishable to the same degree as the underlying violation. See 18 U.S.C. § 2.

In the United States, 36 states, the District of Columbia, and the territories of the U.S. Virgin Islands, the Northern Mariana Islands, Guam and Puerto Rico have legalized cannabis for medical use, and 16 states—Alaska, Arizona, California, Colorado, Illinois, Maine, Massachusetts, Michigan, Montana, Nevada, New Jersey, New York, Oregon, South Dakota, Vermont and Washington, and the District of Columbia—have legalized cannabis for adult or “recreational” use, although the District of Columbia does not permit the sale of cannabis. There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or over-turned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions.

State laws that permit and regulate the production, distribution and use of cannabis for adult-use recreational or medical purposes are in direct conflict with the CSA. Although certain states authorize medical or adult-use cannabis production and distribution by licensed or registered entities, 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 United States federal law. The Supremacy Clause of the United States Constitution establishes that the United States Constitution and federal laws made pursuant to it are paramount and, in case of conflict between federal and state law, the federal law must be applied. Although the Company’s activities are believed to be compliant with applicable United States state and local law, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under United States federal law, nor may it provide a defense to any federal proceeding which may be brought against the Company.

On January 4, 2018, former United States Attorney General Jeff Sessions rescinded the Cole Memorandum by issuing a new memorandum to all United States Attorneys, which we refer to as the Sessions Memo. Rather than establishing national enforcement priorities particular to cannabis-related crimes in jurisdictions where certain cannabis 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.

On January 21, 2021, Joseph R. Biden, Jr. was sworn in as President of the United States. President Biden’s nomination for Attorney General, Merrick Garland, was confirmed by the United States Senate on March 10, 2021. It is not yet known whether the Department of Justice under President Biden and Attorney General Garland, will re-adopt the Cole Memorandum or announce a substantive cannabis enforcement policy.

Attorney General Garland indicated at a confirmation hearing before the United States Senate that it did not seem to him to be a useful use of limited resources to pursue prosecutions in states that have legalized and that are regulating the use of cannabis, either medically or otherwise.

Nonetheless, there is no guarantee that state laws legalizing and regulating the sale and use of cannabis 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 cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), and the President approves such amendment, there is a risk that federal authorities may enforce current U.S. federal law. Currently, in the absence of uniform federal guidance, as had been established by the Cole memorandum, enforcement priorities are determined by respective United States Attorneys.

Although the Cole Memorandum has been rescinded, in recent years certain temporary federal legislative enactments that protect the medical cannabis and hemp industries have also been in effect. For instance, certain cannabis businesses receive a measure of protection from federal prosecution by operation of temporary appropriations measures that have been enacted into law as amendments (or “riders”) to federal spending bills passed by Congress and signed by both Presidents Obama and Trump. For instance, in the Appropriations Act of 2015, Congress included a budget “rider” that prohibits Department of Justice from expending any funds to enforce any law that interferes with a state's implementation of its own medical cannabis laws. The rider is known as the “Rohrabacher-Farr” Amendment after its original lead sponsors. Originally, a Republican-controlled House and Democratic-controlled Senate passed the Rohrabacher-Farr Amendment. The bill was a bipartisan appropriations measure that looks to prohibit the Department of Justice from spending federally allocated funds to interfere with state-level medical cannabis operations. Subsequently, the amendment has been included in multiple budgets passed by a Republican-controlled Congress. While the Rohrabacher-Farr Amendment has been included in successive appropriations legislation or resolutions since 2015, its inclusion or non-inclusion is subject to political change. The Rohrabacher-Farr Amendment was extended most recently in the Omnibus Appropriations Act of 2021, which funds the agencies of the federal government through September 30, 2021. Notably, Rohrabacher-Farr has applied only to medical cannabis programs and has not provided the same protections to enforcement against adult-use activities. If the Rohrabacher-Farr Amendment is no longer in effect, the risk of federal enforcement and override of state cannabis laws would increase. See “Regulatory Overview - Federal Regulation of Cannabis in the United States” in the Prospectus.

Cannabis, other than hemp, remains a Schedule I controlled substance under the CSA, and neither the Cole Memorandum nor its rescission nor the continued passage of the Rohrabacher-Farr Amendment has altered that fact. The federal government of the United States has always reserved the right to enforce federal law in regard to the sale and disbursement of medical or adult-use cannabis, even if state law sanctions such sale and disbursement. If the United States federal government begins to enforce United States federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Company's business, results of operations, financial condition and prospects would be materially adversely affected.

The United States Customs and Border Patrol has stated that investing in or doing business with the cannabis industry in the United States may be grounds to find non-U.S. citizens ineligible to enter the United States in the event such persons are traveling to the United States for reasons related to the cannabis industry. Whether or not the Department of Justice initiates an investigation, civil enforcement action, or criminal prosecution, investors in the Company who are not U.S. citizens may be subject to lifetime bans from entering the United States as a result of their investment in the Company.

There can be no assurance that third party service providers, including, but not limited to, suppliers, contractors and banks will not suspend or withdraw services, which could negatively impact the business of the Company.

In light of the political and regulatory uncertainty surrounding the treatment of U.S. cannabis-related activities, including the rescission of the Cole Memorandum discussed above, on February 8, 2018 the Canadian Securities Administrators published a CSA Staff Notice 51-352 – (Revised) Issuers with U.S. Marijuana-

Related Activities (“Staff Notice 51-352”) setting out the Canadian Securities Administrator’s disclosure expectations for specific risks facing issuers with cannabis-related activities in the United States.

Staff Notice 51-352 includes additional disclosure expectations that apply to all issuers with U.S. cannabis-related activities, including those with direct and indirect involvement in the cultivation and distribution of cannabis, as well as issuers that provide goods and services to third parties involved in the U.S. cannabis industry. The Company is directly involved in the cultivation and distribution of cannabis in the United States for purposes of Staff Notice 51-352.

For these reasons, the Company’s operations in the United States cannabis market may subject the Company to heightened scrutiny by regulators, stock exchanges, clearing agencies and other United States and Canadian authorities. There are a number of risks associated with the business of the Company. See sections entitled “*Regulatory Overview*” and “*Risk Factors*” in the U.S. Prospectus, the Prospectus and in the Annual Report (as hereinafter defined) and other disclosure documents available at www.SEDAR.com.

PROSPECTUS SUPPLEMENT

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SUPPLEMENTAL CANADIAN DISCLOSURE

In accordance with the requirements of applicable securities laws in each province and territory of Canada the disclosure in the U.S. Prospectus included in this Prospectus Supplement is supplemented with the following additional disclosure.

ABOUT THIS PROSPECTUS SUPPLEMENT

No person is authorized by the Company to provide any information or to make any representation other than as contained in this Prospectus Supplement or the Prospectus in connection with the issue and sale of the Offered SV Shares hereunder. Investors should rely only on the information contained or incorporated by reference in this Prospectus Supplement and the Prospectus in connection with the purchase of the Offered SV Shares. Information in this Prospectus Supplement updates and modifies the information in the accompanying Prospectus and information incorporated by reference therein. Investors should assume that the information appearing in this Prospectus Supplement and the Prospectus is accurate only as of the date on the front of such documents and that information contained in any document incorporated by reference is accurate only as of the date of that document unless specified otherwise. The Company's business, financial condition, financial performance and prospects may have changed since those dates.

Unless otherwise noted or the context indicates otherwise, the "Company", "Trulieve", "we", "us" and "our" refer to Trulieve Cannabis Corp. and its material subsidiaries, Trulieve, Inc., Leef Industries, LLC, Life Essence, Inc., Trulieve Holdings, Inc., Trulieve Bristol, Inc., formerly The Healing Corner, Inc., PurePenn LLC, Keystone Relief Centers, LLC and Trulieve WV, Inc.

Unless otherwise indicated, information contained or incorporated by reference in this Prospectus Supplement and the Prospectus concerning the Company's industry and the markets in which it operates or seeks to operate is based on information from third party sources, industry reports and publications, websites and other publicly available information, and management studies and estimates. Unless otherwise indicated, the Company's estimates are derived from publicly available information released by third party sources as well as data from the Company's own internal research, and include assumptions which the Company believes to be reasonable based on management's knowledge of the Company's industry and markets. The Company's internal research and assumptions have not been verified by any independent source, and the Company has not independently verified any third party information. While the Company believes that such third party information to be generally reliable, such information and estimates are inherently imprecise. In addition, projections, assumptions and estimates of the Company's future performance or the future performance of the industry and markets in which the Company operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in this Prospectus Supplement, the Prospectus and the documents incorporated by reference therein.

This Prospectus Supplement, the Prospectus and the documents incorporated therein by reference include references to the Company's trademarks, including, without limitation, Trulieve®, which is protected under applicable intellectual property laws and are the Company's property. The Company's trademarks and trade names referred to in this Prospectus Supplement, the Prospectus and the documents incorporated therein by reference may appear without the ® or ™ symbol, but references to the Company's trademarks and trade names in the absence of such symbols are not intended to indicate, in any way, that the Company will not assert, to the fullest extent under applicable law, its rights to these trademarks and trade names. All other trademarks and trade names used in this Prospectus Supplement, the Prospectus or in documents incorporated therein by reference are the property of their respective owners.

Unless the context otherwise requires, all references to "\$", "C\$" and "dollars" mean references to the lawful money of Canada. All references to "US\$" refer to United States dollars. On April 6, 2021, the daily exchange rate for the United States dollar in terms of Canadian dollars, as quoted by the Bank of Canada, was US\$1.00 = C\$1.2559.

MARKETING MATERIALS

Any "template" version of any "marketing materials" (as such terms are defined under applicable Canadian securities laws) that are prepared in connection with the Offering are not part of this Prospectus Supplement and the Prospectus to the extent that the contents of the template version of the marketing materials have been modified or superseded by a statement contained in this Prospectus Supplement or the Prospectus. Any template version of any marketing materials that has been, or will be, filed on the Canadian System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com in connection with the Offering after the date of this Prospectus Supplement and before the termination of the distribution under the Offering (including any amendments to, or an amended version

of, any template version of any marketing materials) is deemed to be incorporated by reference into this Prospectus Supplement and the Prospectus solely for the purposes of the Offering.

Before the filing of the final prospectus supplement, the Company and Underwriters intend to hold road shows that potential investors in each of the provinces and territories of Canada, other than Québec, will be able to attend. The Company and the Underwriters may provide marketing materials to those potential investors in connection with those road shows. The Company and the Underwriters are relying on a provision in applicable Canadian securities legislation that allows issuers in certain U.S. cross-border offerings to not have to file marketing materials relating to those road shows on SEDAR or include or incorporate those marketing materials in the final prospectus supplement. The Company and the Underwriters can only do that if they give a contractual right to Canadian investors in the event the marketing materials contain a misrepresentation. Pursuant to that provision, the Company and the Underwriters signing the certificate contained in this Prospectus Supplement have agreed that in the event the marketing materials relating to the road shows contain a misrepresentation (as defined in securities legislation in each of the provinces and territories of Canada, other than Québec), a purchaser resident in a province or and territory of Canada, other than Québec, who was provided with those marketing materials in connection with the road shows and who purchases the securities offered by this Prospectus Supplement during the period of distribution shall have, without regard to whether the purchaser relied on the misrepresentation, rights against the Company and each Underwriter with respect to the misrepresentation which are equivalent to the rights under the securities legislation of the jurisdiction in Canada where the purchaser is resident, subject to the defences, limitations and other terms of that legislation, as if the misrepresentation was contained in this Prospectus Supplement. However, this contractual right does not apply to the extent that the contents of the marketing materials relating to the road shows have been modified or superseded by a statement in this Prospectus Supplement, and to any comparables (as such term is defined in applicable securities legislation) in the marketing materials provided in accordance with applicable securities legislation.

NOTICE TO INVESTORS REGARDING U.S. GAAP

The financial statements of Trulieve included in and forming part of the U.S. Prospectus are reported in United States dollars and have been prepared in accordance with United States generally accepted accounting principles (“U.S. GAAP”). The Company is a SEC foreign issuer (as such term is defined in National Instrument 52-107 - *Acceptable Accounting Principles and Auditing Standards* of the Canadian Securities Administrators), and as a result is not required to provide, and has not provided a reconciliation of its financial statements to International Financial Reporting Standards, which differ in certain material respects from U.S. GAAP.

FORWARD-LOOKING INFORMATION

This Prospectus Supplement, the Prospectus and the documents incorporated by reference therein contain certain “forward-looking information” and “forward-looking statements” within the meaning of applicable Canadian securities legislation (collectively, “**forward-looking information**”) which are based upon the Company’s current internal expectations, estimates, projections, assumptions and beliefs. Such information can be identified by the use of forward-looking terminology such as “expect”, “likely”, “may”, “will”, “should”, “intend”, or “anticipate”, “potential”, “proposed”, “estimate” and other similar words, including negative and grammatical variations thereof, or statements that certain events or conditions “may” or “will” happen, or by discussions of strategy. Forward-looking information include estimates, plans, expectations, opinions, forecasts, projections, targets, guidance, or other statements that are not statements of fact. Such forward-looking information are made as of the date of this Prospectus, or in the case of documents incorporated by reference herein, as of the date of each such document. Forward-looking information in this Prospectus, any Prospectus Supplement or the documents incorporated by reference herein and therein include, but are not limited to, statements with respect to:

- the performance of the Company’s business and operations;
- the receipt and/or maintenance by the Company of required licenses and third party consents in a timely manner or at all;
- the intention to grow the business, operations and potential activities of the Company;
- the expected growth in the number of people using the Company’s medical and/or adult-use cannabis products;
- expectations of market size and growth in the United States;
- the competitive conditions of the industry;
- applicable laws, regulations and any amendments thereof;
- the competitive and business strategies of the Company;

- the Company’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 Company operates;
- the United States regulatory landscape and enforcement related to cannabis, including political risks;
- anti-money laundering laws and regulation and other governmental and environmental regulation;
- public opinion and perception of the cannabis industry;
- the impact of the novel coronavirus disease (“COVID-19”) on the Company’s business; and
- the medical benefits, viability, safety, efficacy and social acceptance of cannabis.

Forward-looking information contained in certain documents incorporated by reference in this Prospectus Supplement and the Prospectus are based on the key assumptions described in such documents. Certain of the forward-looking information contained herein and in the Prospectus or the documents incorporated by reference therein concerning the medical cannabis and adult-use cannabis industry, the general expectations of Trulieve related thereto; the Company’s ability to implement its growth strategies and business plan; the Company’s ability to keep pace with changing consumer preferences; the ongoing ability of the Company to conduct business in the regulatory environments in which the Company operates and may operate in the future; anticipated adjustments, if any, to the Company’s operations as a result of the COVID-19 pandemic; the Company’s continued response and ability to navigate the COVID-19 pandemic being consistent with, or better than, its ability and response to date; the profitability or liquidity of the Company and the impact of increased debt and interest costs; and the Company’s business and operations are based on estimates prepared by Trulieve 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 Company believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While Trulieve is not aware of any misstatement regarding any industry or government data presented herein, the current medical marijuana industry involves risks and uncertainties and are subject to change based on various factors.

Readers are cautioned that the above list of cautionary statements is not exhaustive. A number of factors could cause actual events, performance or results to differ materially from what is projected in forward-looking information. The purpose of forward-looking information is to provide the reader with a description of management's expectations, and such forward-looking information may not be appropriate for any other purpose. You should not place undue reliance on forward-looking information contained in this Prospectus Supplement, the Prospectus or in any document incorporated by reference therein or therein. Although the Company believes that the expectations reflected in such forward-looking information are reasonable, it can give no assurance that such expectations will prove to have been correct. Trulieve undertakes no obligation to update or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as required by applicable law. The forward-looking information contained in this Prospectus Supplement, the Prospectus and the documents incorporated by reference therein are expressly qualified in their entirety by this cautionary statement. Investors should read this entire Prospectus Supplement and the Prospectus, and consult their own professional advisors to ascertain and assess the income tax and legal risks and other aspects associated with holding the securities being offered for sale hereunder.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the Prospectus solely for the purposes of this Offering. Other documents are also incorporated or are deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full particulars thereof.

Copies of the documents incorporated by reference in this Prospectus Supplement and the Prospectus and not delivered with this Prospectus Supplement may be obtained on request without charge from the Corporate Secretary of Trulieve at 6749 Ben Bostic Road, Quincy, Florida, 32351, telephone (850) 480-7955, and are also available electronically through SEDAR at www.sedar.com.

As of the date of this Prospectus Supplement, the following documents, filed with the securities commissions or similar regulatory authorities in each of the provinces and territories of Canada, are specifically incorporated by reference into, and form an integral part of, this Prospectus Supplement and the Prospectus as of the date of this Prospectus Supplement:

- the Company’s annual report on Form 10-K for the year ended December 31, 2019 (the “**Annual Report**”);

- the Company’s audited financial statements as at and for the financial years ended December 31, 2020 and December 31, 2019;
- the Company’s management’s discussion and analysis for the year ended December 31, 2020; and
- the management information circular of the Company dated April 28, 2020 prepared in connection with the annual meeting of shareholders of the Company held on June 2, 2020.

Any documents of the type required to be incorporated by reference herein pursuant to National Instrument 44-101 – *Short Form Prospectus Distributions*, including any annual information form, all material change reports (excluding confidential reports, if any), all annual and interim financial statements and management's discussion and analysis relating thereto, or information circular or amendments thereto that the Company files with any securities commission or similar regulatory authority in Canada after the date of this Prospectus Supplement and prior to the termination of the Offering will be deemed to be incorporated by reference in this Prospectus Supplement.

Any statement contained in this Prospectus Supplement, the Prospectus or any document incorporated or deemed to be incorporated by reference in this Prospectus Supplement or the Prospectus for the purposes of the Offering shall be deemed to be modified or superseded for purposes of this Prospectus Supplement and the Prospectus to the extent that a statement contained in this Prospectus Supplement, the Prospectus or any other subsequently filed document which also is or is deemed to be incorporated by reference in this Prospectus Supplement or the Prospectus modifies or supersedes such prior statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document which it modifies or supersedes. The making of such a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Prospectus Supplement or the Prospectus, except as so modified or superseded.

DETAILS OF THE OFFERING

The Offering consists of 5,000,000 Initial SV Shares at a price of C\$50.00 per Initial SV Share and 750,000 Additional SV Shares at a price of C\$50.00 per Additional SV Share if the Underwriters exercise the Over-Allotment Option in full. The Offered SV Shares will be issued on the Closing Date, and on the closing of the exercise of the Over-Allotment Option, if applicable, pursuant to the Underwriting Agreement. For a summary of the material attributes of the Subordinate Voting Shares and certain rights attaching thereto, see “*Description of Share Capital of the Company - Subordinate Voting Shares*” in the Base Shelf Prospectus and “*Description of Capital Stock*” in the U.S. Prospectus.

NON-CERTIFICATED INVENTORY SYSTEM

No certificates representing the Offered SV Shares to be sold in the Offering will be issued to purchasers under this Prospectus, except in certain limited circumstances. Registration will be made in the depository service of CDS, or to its nominee, and electronically deposited with CDS on the Closing Date. Each purchaser of Offered SV Shares, including a purchaser of Offered SV Shares in the United States who is a Qualified Institutional Buyer, will typically only receive a customer confirmation of purchase from the participants in the CDS depository service (“**CDS Participants**”) from or through which such Offered SV Shares are purchased, in accordance with the practices and procedures of such CDS Participant, subject to limited exceptions. Transfers of ownership of Offered SV Shares will be effected through records maintained by the CDS Participants, which include securities brokers and dealers, banks and trust companies. Indirect access to the CDS book-entry system is also available to other institutions that maintain custodial relationships with a CDS Participant, either directly or indirectly.

EXEMPTIONS

Pursuant to a decision of the Autorité des marchés financiers dated January 12, 2021, the Company was granted a permanent exemption from the requirement to translate into French the Prospectus as well as the documents incorporated by reference therein and any prospectus supplement to be filed in relation to an “at-the-market” distribution. This exemption was granted on the condition that the Prospectus and any prospectus supplement (other than in relation to an “at-the-market” distribution) be translated into French if the Company offers securities to Québec purchasers in connection with an offering other than in relation to an “at-the-market” distribution.

PLAN OF DISTRIBUTION

This Prospectus Supplement qualifies the distribution of the Offered SV Shares offered hereby to investors resident in each of the provinces and territories of Canada, other than Québec. The Offered SV Shares will not be offered or sold to investors resident in Québec.

For a description of the plan of distribution for the Offering and related matters, see “*Underwriting*” in the U.S. Prospectus.

The Company has applied to list the Offered SV Shares qualified hereunder on the CSE. Listing of the Offered SV Shares is subject to the Company fulfilling all of the listing requirements of the CSE. See “*Underwriting*” in the U.S. Prospectus.

PRIOR SALES

For the 12-month period before the date of this Prospectus Supplement, the Company issued the following Subordinate Voting Shares and securities exercisable or convertible into Subordinate Voting Shares:

| Date of Issuance | Security | Number of Securities | Issue/Exercise Price Per Security (\$) |
|------------------|--|----------------------|--|
| June 4, 2020 | Subordinate Voting Shares ⁽²⁾ | 2,723,311 | C\$6.00 |
| July 24, 2020 | Subordinate Voting Shares ⁽²⁾ | 100 | C\$17.25 |
| July 24, 2020 | Subordinate Voting Shares ⁽¹⁾ | 2,683,400 | N/A |
| July 28, 2020 | Subordinate Voting Shares ⁽¹⁾ | 97,520 | N/A |
| July 29, 2020 | Subordinate Voting Shares ⁽¹⁾ | 645,752 | N/A |
| July 31, 2020 | Subordinate Voting Shares ⁽¹⁾ | 10,835 | N/A |
| July 31, 2020 | Subordinate Voting Shares ⁽¹⁾ | 5,418 | N/A |
| August 4, 2020 | Subordinate Voting Shares ⁽¹⁾ | 346,085 | N/A |
| August 5, 2020 | Subordinate Voting Shares ⁽¹⁾ | 113,735 | N/A |
| August 10, 2020 | Subordinate Voting Shares ⁽¹⁾ | 1,260,000 | N/A |
| August 19, 2020 | Subordinate Voting Shares ⁽¹⁾ | 348,200 | N/A |
| August 19, 2020 | Subordinate Voting Shares ⁽¹⁾ | 1,276,900 | N/A |
| August 19, 2020 | Subordinate Voting Shares ⁽¹⁾ | 1,140,800 | N/A |
| August 19, 2020 | Subordinate Voting Shares ⁽¹⁾ | 2,680,000 | N/A |
| August 19, 2020 | Subordinate Voting Shares ⁽¹⁾ | 4,184,900 | N/A |

| Date of Issuance | Security | Number of Securities | Issue/Exercise Price Per Security (\$) |
|-------------------------|--|-----------------------------|---|
| September 1, 2020 | Subordinate Voting Shares ⁽¹⁾ | 7,585 | N/A |
| September 9, 2020 | Subordinate Voting Shares ⁽¹⁾ | 5,417 | N/A |
| September 21, 2020 | Subordinate Voting Shares ⁽³⁾ | 4,715,000 | C\$24.50 |
| November 5, 2020 | Subordinate Voting Shares ⁽¹⁾ | 5,417 | N/A |
| November 12, 2020 | Subordinate Voting Shares ⁽⁴⁾ | 1,780,061 | C\$27.27 |
| November 5, 2020 | Subordinate Voting Shares ⁽¹⁾ | 32,505 | N/A |
| January 21, 2021 | Subordinate Voting Shares ⁽²⁾ | 2,000 | US\$13.475 |
| January 27, 2021 | Subordinate Voting Shares ⁽²⁾ | 3,733 | US\$13.475 |
| January 27, 2021 | Subordinate Voting Shares ⁽¹⁾ | 3,021,100 | N/A |
| February 1, 2021 | Subordinate Voting Shares ⁽¹⁾ | 108,350 | N/A |
| February 5, 2021 | Subordinate Voting Shares ⁽²⁾ | 133,408 | US\$13.475 |
| February 10, 2021 | Subordinate Voting Shares ⁽²⁾ | 372,400 | US\$13.475 |
| February 10, 2021 | Subordinate Voting Shares ⁽¹⁾ | 9,318 | N/A |
| February 11, 2021 | Subordinate Voting Shares ⁽²⁾ | 6,400 | US\$13.475 |
| February 12, 2021 | Subordinate Voting Shares ⁽²⁾ | 4,400 | US\$13.475 |
| February 19, 2021 | Subordinate Voting Shares ⁽²⁾ | 900 | US\$13.475 |
| February 22, 2021 | Subordinate Voting Shares ⁽²⁾ | 40,000 | US\$13.475 |
| March 10, 2021 | Subordinate Voting Shares ⁽²⁾ | 38,200 | US\$13.475 |
| March 23, 2021 | Subordinate Voting Shares ⁽²⁾ | 1,100 | US\$13.475 |
| April 1, 2021 | Subordinate Voting Shares ⁽²⁾ | 5,700 | US\$13.475 |
| April 5, 2021 | Subordinate Voting Shares ⁽²⁾ | 34,500 | US\$13.475 |

- (1) Issued pursuant to the conversion of Multiple Voting Shares.
(2) Issued pursuant to the exercise of subordinate voting share purchase warrants.
(3) Issued pursuant to the underwritten public offering of Subordinate Voting Shares.

- (4) Issued in connection with the acquisition of PurePenn LLC and Keystone Relief Centers LLC.

TRADING PRICE AND VOLUME

Subordinate Voting Shares

The outstanding Subordinate Voting Shares are listed on the CSE under the symbol “TRUL”. On April 6, 2021, the last trading day completed prior to the filing of this Prospectus Supplement, the closing price of the Subordinate Voting Shares on the CSE was C\$55.19. 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, as quoted on the CSE.

| <u>Month</u> | <u>High (C\$)</u> | <u>Low (C\$)</u> | <u>Total Volume</u> |
|-------------------|-------------------|------------------|---------------------|
| April 1 - 6, 2021 | \$59.60 | \$53.70 | 619,879 |
| March 2021 | \$66.90 | \$53.50 | 4,479,350 |
| February 2021 | \$67.45 | \$49.40 | 4,419,260 |
| January 2021 | \$60.91 | \$39.26 | 5,341,538 |
| December 2020 | \$42.30 | \$36.00 | 4,405,862 |
| November 2020 | \$38.87 | \$29.88 | 7,252,305 |
| October 2020 | \$32.00 | \$23.63 | 6,549,188 |
| September 2020 | \$29.70 | \$24.84 | 3,087,272 |
| August 2020 | \$35.08 | \$22.25 | 6,566,425 |
| July 2020 | \$22.71 | \$16.81 | 3,095,011 |
| June 2020 | \$18.47 | \$15.79 | 1,540,899 |
| May 2020 | \$18.86 | \$13.45 | 3,361,507 |
| April 2020 | \$14.91 | \$11.95 | 2,599,440 |
| March 2020 | \$13.24 | \$8.10 | 4,726,660 |

2019 Notes

The outstanding 9.75% senior secured notes due 2024 of the Company (the “**2019 Notes**”) are listed on the CSE and trading under the symbol “TRUL.DB.U”. On April 6, 2021, the last trading day completed prior to the filing of this Prospectus Supplement, the closing price of the 2019 Notes on the CSE was US\$108.00. The following table sets forth, for the periods indicated, the reported high and low prices and the aggregate volume of trading of the 2019 Notes on the CSE, as quoted on the CSE.

| <u>Month</u> | <u>High (US\$)</u> | <u>Low (US\$)</u> | <u>Total Volume</u> |
|-------------------|--------------------|-------------------|---------------------|
| April 1 - 6, 2021 | \$108.00 | \$108.00 | 30,000 |
| March 2021 | \$107.75 | \$105.50 | 235,000 |
| February 2021 | \$107.00 | \$105.50 | 71,000 |
| January 2021 | \$105.00 | \$104.50 | 93,000 |
| December 2020 | \$105.00 | \$100.50 | 550,072 |
| November 2020 | \$106.00 | \$104.25 | 67,674 |
| October 2020 | \$108.00 | \$104.00 | 656,000 |
| September 2020 | \$104.01 | \$104.00 | 46,000 |
| August 2020 | \$104.66 | \$99.17 | 564,000 |

| | | | |
|------------|---------|---------|-----------|
| July 2020 | \$99.30 | \$98.69 | 323,000 |
| June 2020 | \$99.23 | \$98.27 | 632,000 |
| May 2020 | \$99.24 | \$91.73 | 614,000 |
| April 2020 | \$94.04 | \$73.86 | 1,999,000 |
| March 2020 | \$93.17 | \$73.86 | 3,253,000 |

2019 Warrants

The outstanding subordinate voting share purchase warrants of the Company (the “**2019 Warrants**”) are listed on the CSE and trading under the symbol “TRUL.WT”. On April 6, 2021, the last trading day completed prior to the filing of this Prospectus Supplement, the closing price of the 2019 Warrants on the CSE was C\$37.00. The following table sets forth, for the periods indicated, the reported high and low prices and the aggregate volume of trading of the June Warrants on the CSE, as quoted on the CSE.

| <u>Month</u> | <u>High (C\$)</u> | <u>Low (C\$)</u> | <u>Total Volume</u> |
|----------------------|-------------------|------------------|---------------------|
| April 1 - 6, 2021 | \$41.25 | \$36.00 | 8,231 |
| March 2021 | \$48.77 | \$34.50 | 68,580 |
| February 2021 | \$47.85 | \$32.21 | 252,363 |
| January 2021 | \$43.24 | \$26.00 | 281,630 |
| December 2020 | \$27.27 | \$22.83 | 127,277 |
| November 2020 | \$24.25 | \$14.85 | 146,889 |
| October 2020 | \$16.00 | \$12.00 | 161,634 |
| September 1-16, 2020 | \$15.50 | \$10.75 | 116,658 |
| August 2020 | \$17.25 | \$8.00 | 371,091 |
| July 2020 | \$8.00 | \$4.25 | 126,386 |
| June 2020 | \$4.98 | \$3.91 | 73,164 |
| May 2020 | \$4.72 | \$2.50 | 128,398 |
| April 2020 | \$2.78 | \$1.98 | 44,555 |
| March 2020 | \$2.85 | \$1.28 | 101,587 |

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of DLA Piper (Canada) LLP, counsel to the Company, and Stikeman Elliott LLP, counsel to the Underwriters, the following is a general summary, as of the date hereof, of the principal Canadian federal income tax considerations under the *Income Tax Act* (Canada) as amended from time to time, including the regulations promulgated thereunder (the “**Tax Act**”) generally applicable to an investor who acquires Offered SV Shares as beneficial owner pursuant to the Offering and who at all relevant times, for purposes of the Tax Act holds the Offered SV Shares as capital property and deals at arm’s length with the Company and the Underwriters and is not affiliated with the Company or the Underwriters (a “**Holder**”). Generally, the Offered SV Shares will be considered to be capital property to a Holder unless they are held or acquired in the course of carrying on a business of trading or dealing in securities or as part of an adventure or concern in the nature of trade.

This summary is not applicable to a Holder (a) that is a “financial institution”, as defined in the Tax Act for purposes of the mark-to-market rules; (b) an interest in which would be a “tax shelter investment” as defined in the Tax Act; (c) that is a “specified financial institution” as defined in the Tax Act; (d) which has made an election under the Tax Act to determine its Canadian tax results in a currency other than Canadian currency; (e) that is exempt from tax under the Tax Act; (f) that has entered into, or will enter into, a “synthetic disposition arrangement” or a “derivative forward agreement” under the Tax Act with respect to the Offered SV Shares; or (g) that is a corporation resident in Canada

that is, or becomes, controlled by a non-resident person or a group of persons comprised of any combination of non-resident corporations, non-resident individuals or non-resident trusts that do not deal with each other at arm's length, for the purposes of the "foreign affiliate dumping" rules in Section 212.3 of the Tax Act. Any such Holder to which this summary does not apply should consult its own tax advisor with respect to the tax consequences of the Offering.

This summary does not address the deductibility of interest on any funds borrowed by a Holder to purchase Offered SV Shares.

This summary is based on the facts set out in this Prospectus Supplement, the current provisions of the Tax Act, all specific proposals to amend the Tax Act publicly announced by or on behalf of the Minister of Finance (Canada) ("**Tax Proposals**") before the date of this Prospectus Supplement, the current published administrative policies and assessing practices of the Canada Revenue Agency and the Canada - United States Tax Convention (1980), as amended (the "**Treaty**"). No assurance can be made that the Tax Proposals will be enacted in the form proposed or at all. This summary is not exhaustive of all possible Canadian federal income tax considerations and, except as mentioned above, does not take into account or anticipate any changes in law or administrative policy or assessing practice, whether by legislative, regulatory, administrative or judicial decision or action, nor does it take into account provincial or foreign income tax legislation or considerations, which may differ significantly from the Canadian federal income tax considerations discussed herein.

Subject to certain exceptions that are not discussed in this summary, for the purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of Offered SV Shares must be determined in Canadian dollars based on the rate of exchange quoted by the Bank of Canada on the date such amount arose or such other rate of exchange as may be acceptable to the CRA.

The Company is a Canadian corporation for purposes of the Tax Act. As referenced under "*Certain Material U.S. Federal Income Tax Considerations*" in the U.S. Prospectus, the Company is also classified as a U.S. domestic corporation for United States federal income tax purposes, with related consequences and potential consequences to the Company and its shareholders. Accordingly, all prospective purchasers, including Holders as defined above, should review the discussion under "*Certain Material U.S. Federal Income Tax Considerations*" in the U.S. Prospectus, and consult with their own tax advisors in this regard before purchasing Offered SV Shares. For the purposes of the discussion of Canadian federal income tax considerations below, it has been assumed that the Company is and will be classified as a U.S. domestic corporation for United States federal income tax purposes at all relevant times. No legal opinion or tax ruling has been sought or obtained in this regard or with respect to any other assumptions made for purposes of this summary.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representation concerning the tax consequences to any particular Holder or prospective Holder are made. Prospective Holders of Offered SV Shares should consult their own tax advisors with respect to an investment in the Offered SV Shares having regard to their particular circumstances.

Holders Resident in Canada

This portion of the summary applies to a Holder who, for purposes of the Tax Act and at all relevant times, is or is deemed to be a resident of Canada (a "**Resident Holder**"). Resident Holders whose Offered SV Shares do not otherwise qualify as capital property may in certain circumstances make an irrevocable election in accordance with subsection 39(4) of the Tax Act to have their Offered SV Shares and every other "Canadian security" (as defined in the Tax Act) owned by such Resident Holder in the taxation year of the election and in all subsequent taxation years deemed to be capital property. Resident Holders should consult their own tax advisors with respect to whether the election is available and advisable in their particular circumstances.

Taxation of Dividends

In the case of a Resident Holder who is an individual, dividends received or deemed to be received on the Offered SV Shares will be included in computing the Resident Holder's income and will be subject to the gross-up and dividend tax credit rules that apply to taxable dividends received from taxable Canadian corporations. Provided that appropriate designations are made by the Company, any such dividend will be treated as an "eligible dividend" for the purposes of the Tax Act and a Resident Holder who is an individual will be entitled to an enhanced dividend tax credit in respect of such dividend. There may be limitations on the Company's ability to designate dividends and deemed dividends as eligible dividends.

Dividends received or deemed to be received on the Offered SV Shares by a Resident Holder that is a corporation will be required to be included in computing the corporation's income for the taxation year in which such dividends are received, but such dividends will generally be deductible in computing the corporation's taxable income. In certain circumstances, subsection 55(2) of the Tax Act will treat a taxable dividend received by a Resident Holder that is a corporation as proceeds of disposition or a capital gain. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A Resident Holder that is a "private corporation" or a "subject corporation" (each as defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax on dividends received or deemed to be received on the Offered SV Shares to the extent that such dividends are deductible in computing the Resident Holder's taxable income for the taxation year.

Dividends received by a Resident Holder who is an individual (including certain trusts) may result in such Resident Holder being liable for alternative minimum tax under the Tax Act. Resident Holders who are individuals should consult their own tax advisors in this regard.

As described under "*Certain Material U.S. Federal Income Tax Considerations*" in the U.S. Prospectus, a Resident Holder may be subject to United States withholding tax on dividends received on the Offered SV Shares. Any United States withholding tax paid by or on behalf of a Resident Holder in respect of dividends received on the Offered SV Shares by a Resident Holder may be eligible for foreign tax credit or deduction treatment where applicable under the Tax Act. Generally, a foreign tax credit in respect of a tax paid to a particular foreign country is limited to the Canadian tax otherwise payable in respect of income sourced in that country. Dividends received on the Offered SV Shares by a Resident Holder may not be treated as income sourced in the United States for these purposes. Resident Holders should consult their own tax advisors with respect to the availability of any foreign tax credits or deductions under the Tax Act in respect of any United States withholding tax applicable to dividends on the Offered SV Shares. See also "*Certain Material U.S. Federal Income Tax Considerations*" in the U.S. Prospectus.

Disposition of Offered SV Shares

Upon a disposition or deemed disposition of an Offered SV Share, a capital gain (or capital loss) will generally be realized by a Resident Holder to the extent that the proceeds of disposition are greater (or less) than the aggregate of the adjusted cost base of such security to the Resident Holder immediately before the disposition and any reasonable costs of disposition. The adjusted cost base of an Offered SV Share to a Resident Holder will be determined in accordance with the Tax Act by averaging the cost to the Resident Holder of an Offered SV Share with the adjusted cost base of all other Subordinate Voting Shares held by the Resident Holder as capital property. Such capital gain (or capital loss) will be subject to the treatment described below under "*Holders Resident in Canada — Taxation of Capital Gains and Capital Losses*".

Taxation of Capital Gains and Capital Losses

Generally, one-half of any capital gain (a "**taxable capital gain**") realized by a Resident Holder must be included in the Resident Holder's income for the taxation year in which the disposition occurs. Subject to and in accordance with the provisions of the Tax Act, one-half of any capital loss incurred by a Resident Holder (an "**allowable capital loss**") must be deducted from taxable capital gains realized by the Resident Holder in the taxation year in which the disposition occurs. Allowable capital losses in excess of taxable capital gains for the taxation year of disposition generally may be carried back and deducted in the three preceding taxation years or carried forward and deducted in any subsequent year against net taxable capital gains realized in such years, in the circumstances and to the extent provided in the Tax Act.

A capital loss realized on the disposition of an Offered SV Share by a Resident Holder that is a corporation may in certain circumstances be reduced by the amount of dividends which have been previously received or deemed to have been received by the Resident Holder on the Offered SV Share. Similar rules may apply where a corporation is, directly or indirectly through a trust or partnership, a member of a partnership or a beneficiary of a trust that owns Offered SV Shares. Resident Holders to whom these rules may be relevant are urged to consult their own tax advisors.

A Resident Holder that is throughout the relevant taxation year a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax on its "aggregate investment income" (as defined in the Tax Act) for the year, which is defined to include an amount in respect of taxable capital gains.

Capital gains realized by a Resident Holder who is an individual (including certain trusts) may result in such Resident Holder being liable for minimum tax under the Tax Act. Resident Holders who are individuals should consult their own tax advisors in this regard.

As described under “*Certain Material U.S. Federal Income Tax Considerations*” in the U.S. Prospectus, a Resident Holder may be subject to United States federal income tax on a gain realized on the disposition of an Offered SV Share if the Company is classified as a United States real property holding corporation under the U.S. Internal Revenue Code of 1986, as amended. United States federal income tax, if any, levied on any gain realized on a disposition of an Offered SV Share may be eligible for a foreign tax credit under the Tax Act to the extent and under the circumstances described in the Tax Act. Generally, a foreign tax credit in respect of a tax paid to a particular foreign country is limited to the Canadian tax otherwise payable in respect of income sourced in that country. Gains realized on the disposition of an Offered SV Share by a Resident Holder may not be treated as income sourced in the United States for these purposes. Resident Holders should consult their own tax advisors with respect to the availability of a foreign tax credit, having regard to their own particular circumstances. See “*Certain Material U.S. Federal Income Tax Considerations*” in the U.S. Prospectus.

Non-Resident Holders

This section of the summary applies to a Holder who, for the purposes of the Tax Act and any applicable income tax treaty or convention, and at all relevant times, is not, and is not deemed to be, resident in Canada, and does not use or hold, and is not deemed to use or hold, the Offered SV Shares in the course of carrying on a business in Canada (a “**Non-Resident Holder**”). This section does not apply to an insurer who carries on an insurance business in Canada and elsewhere,. Such Non-Resident Holders should consult their own tax advisors.

Taxation of Dividends

Dividends paid or credited or deemed to be paid or credited to a Non-Resident Holder on the Offered SV Shares will be subject to Canadian withholding tax. The Tax Act imposes withholding tax at a rate of 25% on the gross amount of the dividend, although such rate may be reduced by virtue of an applicable tax treaty. For example, under the Treaty, where dividends on the Offered SV Shares are considered to be paid to a Non-Resident Holder that is the beneficial owner of the dividends and is a U.S. resident for the purposes of, and is entitled to all of the benefits of, the Treaty, the applicable rate of Canadian withholding tax is generally reduced to 15%. The Company will be required to withhold the applicable withholding tax from any dividend and remit it to the Canadian government for the Non-Resident Holder’s account.

Disposition of Offered SV Shares

A Non-Resident Holder who disposes of or is deemed to have disposed of an Offered SV Share will not be subject to income tax under the Tax Act unless the Offered SV Share is, or is deemed to be, “taxable Canadian property” (as defined in the Tax Act) of the Non-Resident Holder at the time of disposition and the Non-Resident Holder is not entitled to relief under an applicable income tax treaty or convention between Canada and the country of residence of the Non-Resident Holder.

Generally, provided that the Offered SV Shares are, at the time of disposition, listed on a “designated stock exchange” (which currently includes the CSE), the Offered SV Shares will not constitute taxable Canadian property of a Non-Resident Holder unless, at any time during the 60-month period immediately preceding the disposition the following two conditions were met concurrently: (i) 25% or more of the issued shares of any class or series of the capital stock of the Company were owned by one or any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder did not deal at arm’s length (for the purposes of the Tax Act), and (c) partnerships in which the Non-Resident Holder or a person described in (b) holds a membership interest directly or indirectly through one or more partnerships; and (ii) more than 50% of the fair market value of such shares was derived, directly or indirectly, from one or any combination of: (a) real or immovable property situated in Canada, (b) Canadian resource property (as defined in the Tax Act), (c) timber resource property (as defined in the Tax Act) or (d) options in respect of, or interests in any of, the foregoing property, whether or not such property exists. Notwithstanding the foregoing, the Offered SV Shares may also be deemed to be taxable Canadian property to a Non-Resident Holder under other provisions of the Tax Act. Non-Resident Holders for whom the Offered SV Shares are, or may be, taxable Canadian property should consult their own tax advisors.

In the event that an Offered SV Share constitutes taxable Canadian property of a Non-Resident Holder and any capital gain that would be realized on the disposition thereof is not exempt from tax under the Tax Act pursuant to an

applicable income tax treaty or convention, the income tax consequences discussed above under “*Holders Resident in Canada — Disposition of Offered SV Shares*” will generally apply to the Non-Resident Holder. Non-Resident Holders should consult their own tax advisor in this regard.

ELIGIBILITY FOR INVESTMENT

In the opinion of DLA Piper (Canada) LLP, counsel to the Company, and Stikeman Elliott LLP, counsel to the Underwriters, based on the current provisions of the Tax Act, the Offered SV Shares, if issued on the date hereof, would be “qualified investments” under the Tax Act for trusts governed by a registered retirement savings plan, registered retirement income fund, tax-free savings account, registered education savings plan, registered disability savings plan (collectively referred to as “**Registered Plans**”) and a deferred profit sharing plan, provided that the Offered SV Shares are listed on a designated stock exchange for the purposes of the Tax Act (which currently includes the CSE).

Notwithstanding that an Offered SV Share may be a qualified investment for a Registered Plan, if the Offered SV Share is a “prohibited investment” within the meaning of the Tax Act for the Registered Plan, the holder, annuitant or subscriber of the Registered Plan, as the case may be, will be subject to penalty taxes as set out in the Tax Act. The Offered SV Shares will not generally be a “prohibited investment” for a Registered Plan if the holder, annuitant or subscriber, as the case may be, (i) deals at arm’s length with the Company for the purposes of the Tax Act and (ii) does not have a “significant interest” (as defined in the Tax Act) in the Company. In addition, the Offered SV Shares will not be a “prohibited investment” if the Offered SV Shares are “excluded property” within the meaning of the Tax Act, for the Registered Plan.

Holders, annuitants and subscribers of Registered Plans should consult their own tax advisors with respect to whether Offered SV Shares would be a prohibited investment having regard to their particular circumstances.

LEGAL MATTERS

Certain legal matters in connection with the issue of the Offered SV Shares will be passed upon for Trulieve by DLA Piper (Canada) LLP with respect to Canadian law and Foley Hoag LLP with respect to matters of U.S. law. Certain legal matters in connection with the issue of the Offered SV Shares will be passed upon for the Underwriters by Stikeman Elliott LLP with respect to Canadian law and Dorsey & Whitney LLP with respect to matters of U.S. law.

As of the date of this Prospectus Supplement, the partners and associates of each of DLA Piper (Canada) LLP and Stikeman Elliott LLP as a group beneficially own, directly or indirectly, less than 1% of the Company’s outstanding securities.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The Company’s auditor is MNP LLP, located at 1600 Carling Avenue, Suite 800, Ottawa, Ontario, Canada K1Z 1G3. MNP LLP is independent with respect to the Company within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of Ontario.

The transfer agent and registrar for the Subordinate Voting Shares is Odyssey Trust Company, at its principal offices in Vancouver, Canada and Calgary, Alberta.

AGENT FOR SERVICE OF PROCESS

Kim Rivers, Richard May, George Hackney, Thad Beshears, Michael O’Donnell, Peter Healy, Susan Thronson and Thomas Millner, each a director of the Company residing outside of Canada, and Alex D’Amico, an officer of the Company residing outside of Canada, have each appointed DLA Piper (Canada) LLP, Suite 2800, Park Place, 666 Burrard Street, Vancouver, British Columbia, V6C 2Z7, as agent for service of process.

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revision of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. Purchasers should refer to any applicable provisions of the securities legislation of their province for the particulars of these rights or consult with a legal adviser.

UNITED STATES PROSPECTUS

The text of the U.S. Prospectus, which forms part of the U.S. Registration Statement filed with the SEC, is attached and forms a part of this prospectus supplement. All securities purchased under this prospectus supplement, including securities purchased by Canadian investors, will also be registered pursuant to the U.S. Registration Statement under the U.S. Securities Act. The U.S. Securities Act affords certain protections in relation to the U.S. Prospectus.

PROSPECTUS

5,000,000 Subordinate Voting Shares



We are offering 5,000,000 Subordinate Voting Shares. Our Subordinate Voting Shares are quoted on the Canadian Securities Exchange, or the CSE, under the symbol “TRUL” and on the OTCQX Best Market under the symbol “TCCNF.” The last reported sale price of our Subordinate Voting Shares on the CSE on April 7, 2021 was C\$54.25 per share (\$43.00 after giving effect to the conversion rate published by Bloomberg at 4:30pm ET on April 7, 2021 to convert Canadian dollars to U.S. dollars).

Investing in our Subordinate Voting Shares involves a high degree of risk. See “Risk Factors” beginning on page 11 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

| | <u>Per Share</u> | <u>Total</u> |
|--|----------------------|------------------|
| Public offering price | \$39.6291 | \$198,145,359.44 |
| Underwriting discount(1) | \$ 1.5852 | \$ 7,925,814.38 |
| Proceeds, before expenses, to us | \$38.0439 | \$190,219,545.06 |

(1) See “Underwriting” for a description of compensation payable to the underwriters and other fees payable in connection with this offering.

Delivery of the Subordinate Voting Shares in this offering is expected to be made on or about April 12, 2021.

We have granted the underwriters an option for a period of 30 days to purchase up to 750,000 Subordinate Voting Shares from us at the public offering price, less the underwriting discounts and commissions.

Canaccord Genuity

The date of this prospectus is April 7, 2021.

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Unless the context otherwise requires, the terms “Trulieve,” “we,” “us” and “our” in this prospectus refer to Trulieve Cannabis Corp. and its subsidiaries, and “this offering” refers to the offering contemplated by this prospectus.

Neither we nor the underwriters authorized anyone to provide any information or to make any representations other than those contained in this prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus is an offer to sell only the shares offered hereby, but only under the circumstances and in the jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of the date of such prospectus, regardless of its time of delivery or any sale of Subordinate Voting Shares. Our business, financial condition, results of operations and prospects may have changed since that date. We are not making an offer of these securities in any jurisdiction where such offer is not permitted.

We have not done anything that would permit a public offering of the Subordinate Voting Shares or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required,

other than in the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about, and observe any restrictions relating to, the offering of Subordinate Voting Shares and the distribution of this prospectus outside of the United States.

It is important for you to read and consider all of the information contained in this prospectus in making your investment decision. To understand the offering fully and for a more complete description of the offering, you should read this entire document carefully.

PROSPECTUS SUMMARY

This summary highlights information contained elsewhere in this prospectus. This summary does not contain all of the information that you should consider before investing in our Subordinate Voting Shares. You should read the following summary together with the more detailed information appearing in this prospectus, including our financial statements and related notes, and the information set forth under the sections titled “Risk Factors,” “Cautionary Note Regarding Forward-Looking Statements” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” before making an investment decision. Unless the context otherwise requires, the terms “Trulieve,” “our company,” “the Company,” “we,” “us” and “our” in this prospectus refer to Trulieve Cannabis Corp. and its subsidiaries.

Overview

Trulieve is a multi-state cannabis operator which currently holds licenses to operate in six states. Headquartered in Quincy, Florida, we are the market leader for quality medical cannabis products and services in Florida and aim to be the brand of choice for medical and adult-use customers in all of the markets that we serve. We operate in highly regulated markets that require expertise in cultivation, manufacturing, retail and logistics. We have developed proficiencies in each of these functions and are committed to utilizing predictive analytics to stay abreast of market trends, consumer demographics and evolving demand.

All of the states in which we operate have adopted legislation to permit the use of cannabis products for medicinal purposes to treat specific conditions and diseases, which we refer to as medical cannabis. Recreational marijuana, or adult-use cannabis, is legal marijuana sold in licensed dispensaries to adults ages 21 and older. Thus far, of the states in which we operate, only California and Massachusetts have adopted legislation permitting the commercialization of adult-use cannabis products. As of December 31, 2020, we employed nearly 5,000 people (increased to nearly 5,500 people as of March 16, 2021) and we are committed to providing patients and adult consumers, which we refer to herein as “patients” or “customers,” a consistent and welcoming retail experience across Trulieve branded stores. In the fourth quarter of 2020, our customer retention rate was 72% and active patients visited 2.8 times per month with an average purchase amount of \$112 per visit. In addition, in 2020 our average sales per square foot of dispensary space was \$3,163 across our 75 dispensaries, our same store sales increased 21% in the 22 stores open for all of 2019 and 2020, our average annual patient spend was approximately \$3,900 and our no ask return policy generated less than 1% on returns. We have eight material subsidiaries: Trulieve, Inc., or Trulieve US, Leef Industries, LLC, or Leef Industries, Life Essence, Inc., or Life Essence, Trulieve Holdings, Inc., or Trulieve Holdings, Trulieve Bristol, Inc. (formerly The Healing Corner, Inc. and referred to herein as “Healing Corner”), PurePenn LLC, Keystone Relief Centers, LLC (which we refer to as “Solevo Wellness”), and Trulieve WV, Inc., or Trulieve WV. Each of Trulieve US, Leef Industries, Life Essence, Trulieve Holdings Healing Corner, PurePenn LLC and Solevo Wellness and Trulieve WV is wholly-owned (directly or indirectly) by Trulieve Cannabis Corp. As of March 16, 2021, we operated 83 dispensaries, with 78 dispensaries in Florida, 3 dispensaries in Pennsylvania, 1 dispensary in California and 1 dispensary in Connecticut. As of December 31, 2020, substantially all of our revenue was generated from the sale of cannabis products for medicinal use in the State of Florida. To date, neither the sale of adult-use cannabis products, nor our operations in Massachusetts, California, Connecticut, Pennsylvania or West Virginia, have been material to our business.

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

Florida

Trulieve US is a vertically integrated “seed to sale” cannabis company and is the largest licensed medical marijuana company in the State of Florida. As of December 31, 2020, publicly available reports filed with the Florida Office of Medical Marijuana Use show Trulieve US to have the most dispensing locations and the greatest dispensing volume across product categories out of all licensed medical marijuana businesses in the state. Trulieve US cultivates and produces all of its products in-house and distributes those products to patients in Trulieve branded stores (dispensaries) throughout the State of Florida, as well as via home delivery. Trulieve’s experience in the vertically integrated Florida market has given us the ability to scale and penetrate in all necessary business segments (cultivation, production, sales and distribution). Trulieve US has the experience necessary to increase market leadership in Florida and employ that expertise effectively in other regulated markets.

As of December 31, 2020, Trulieve US operated over 1,900,808 square feet of cultivation facilities across five sites. In accordance with Florida law, Trulieve US grows all of its cannabis in secure enclosed indoor facilities and greenhouse structures. In 2019, we acquired approximately 85 acres in Jefferson County, Florida, which has received local approvals for construction and development of state of the art indoor growing facilities totaling approximately one million square feet. A number of 24,000 square foot facilities are currently operational and a new 337,000 square foot facility is expected to become operational in 2021.

Trulieve US operates a CGMP-certified processing facility, encompassing an estimated 55,000 square feet. In furtherance of our patient-first focus, we have developed a suite of Trulieve branded products with over 550 stock keeping units, or SKUs, including flower, edibles, vaporizer cartridges, concentrates, topicals, capsules, tinctures, dissolvable powders, and nasal sprays. This wide variety of products gives patients the ability to select the product that consistently delivers the desired effect and in their preferred method of delivery. These products are delivered to patients statewide in Trulieve-branded retail stores and by home delivery. As of December 31, 2020, Trulieve US operated 70 stores 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 a Final Adult Use Marijuana Retailer License for an adult-use dispensary in Northampton and a Final Medical Marijuana Treatment Center License for medical marijuana cultivation and processing in Holyoke and an affiliated dispensing location in Northampton. Life Essence also holds Provisional Licenses for Adult Use cultivation and processing at the same facility in Holyoke, and provisional certificates of registration for medical marijuana dispensaries in Holyoke and Cambridge. Life Essence has received clearance to admit plant stock to the Holyoke facility and pending completion of adult-use licensure inspections, expects to receive final adult-use cultivation and processing licenses. The completion of these licensing processes will allow Life Essence to capitalize on its investment in infrastructure and engage in vertically integrated operations in both adult-use and medical markets in Massachusetts. We began planting in March 2021 and our first Massachusetts dispensary is expected to open in the second quarter of 2021, with wholesale sales expected to commence in the second half of 2021. Our 140,000 square foot facility in Holyoke will support over 60,000 square feet of canopy, 18,000 square feet of production and three medical, three adult use or three co-located dispensaries.

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. In

December 2020, Life Essence entered into an asset purchase agreement with Nature’s Remedy of Massachusetts, Inc., or Nature’s Remedy, and Sammartino Investments, LLC pursuant to which Life Essence agreed to purchase certain assets of Nature’s Remedy including a Final Marijuana Retailer License from the Cannabis Control Commission, assignment of a long-term lease for real property in Worcester, Massachusetts for use as a marijuana retailer, and necessary municipal entitlements to operate as a marijuana retailer at the property. We expect the closing of both transactions to occur promptly following receipt of applicable state and local regulatory approvals.

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. Leef Industries is in the process of Trulieve rebranding and alignment with corporate operational standards, which we believe will increase consumer appeal and operational efficiency. The dispensary helps us stay abreast of trends on the west coast in a robust and innovative cannabis market distinguished by local competition between diverse and numerous operators.

Connecticut

Healing Corner is a licensed pharmacist-managed medical cannabis dispensary located in Bristol, Connecticut. Healing Corner was founded in 2014 and provides a range of medical marijuana products produced by high quality licensed suppliers. At the dispensary, a licensed pharmacist and trained staff provide on-site counseling and education to patients. Patients may reserve their medical marijuana order through Healing Corner’s innovative Canna-Fill online system. As of December 31, 2020, Healing Corner served approximately 10% of Connecticut’s medical marijuana patient population.

Pennsylvania

On November 12, 2020, we completed the acquisition of 100% of the membership interests of: (i) PurePenn LLC and Pioneer Leasing & Consulting LLC, which we refer to collectively as PurePenn, and (ii) Keystone Relief Centers, LLC, which does business as and we refer to herein as Solevo Wellness. PurePenn operates cannabis cultivation and manufacturing facilities in the Pittsburgh, Pennsylvania area and currently wholesales the PurePenn and Moxie brands to 100% of the 103 operating dispensaries in Pennsylvania. As of December 31, 2020, PurePenn has 35,000 square feet of cultivation space. Solevo Wellness operates three medical marijuana dispensaries with approximately 16,000 square feet of retail space, each with six points of sale, in the Pittsburgh, Pennsylvania area.

West Virginia

On November 13, 2020, Trulieve WV was awarded a processor permit by the West Virginia Office of Medical Cannabis. On January 29, 2021, Trulieve WV was notified that it has been awarded four dispensary permits by the West Virginia Office of Medical Cannabis. 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. We are actively working to begin operations as soon as reasonably practicable, which will vary by location depending on permitting and construction timelines.

Key Business Objectives

Trulieve will continue to focus on rapid growth in Florida, Connecticut, California, Massachusetts, Pennsylvania and West Virginia while also moving into other states to expand the reach of our brand. We expect to capitalize on our momentum and profitability to continue to build a strong foundation for growth in

anticipation of an improved regulatory landscape. For example, the MORE Act would instruct the U.S. Attorney General to remove cannabis and tetrahydrocannabinols from the CSA within 180 days, while the STATES Act would amend the CSA so that -- as long as states comply with certain minimum requirements -- the CSA would no longer apply to persons or entities acting in compliance with state laws governing cannabis. The MORE Act and STATES Act also would effectively repeal 280E, which, in turn, could allow cannabis companies to deduct additional expenses from taxable income. The passage of the MORE Act, the STATES Act, or similar legislation could lead major United States exchanges to change their policies and allow cannabis companies with operations in the United States to list. We will continue to execute on our established business plan of continuing to be the clear market leader in the State of Florida. Our growth plans are comprised of three key strategies. In the next 12 months, we expect to:

- *Expand Current Cultivation and Production Operations:* We will continue to scale cultivation and production operations as justified by supply-demand market dynamics, expanding our Florida indoor cultivation facilities and opening a cultivation and processing facility in Massachusetts.
- *Expand Current Market Retail Footprint:* We will continue to scale retail locations in Florida and Massachusetts and plan to continue to leverage efficiencies and automation and to capitalize on growth opportunities.
- *New Market Expansion:* We will identify new markets that support our business model and expect to opportunistically expand our operations by acquiring complementary businesses or obtaining licenses to operate in new states.

Recent Developments

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 in exchange for 258,383 Subordinate Voting Shares, of which 10,881 are subject to a holdback for six months as security for any indemnity claims by us under the asset 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.

On November 12, 2020, we completed the acquisition of 100% of the membership interests of PurePenn and Solevo Wellness, expanding our operations into the Commonwealth of Pennsylvania. Pursuant to the terms of the PurePenn acquisition agreements, we acquired PurePenn for an upfront payment of \$46.0 million, comprised of 1,298,964 Subordinate Voting Shares and \$19.0 million in cash, plus a potential earnout payment of up to an additional 2,405,488 Subordinate Voting Shares based on the achievement of certain agreed EBITDA milestones. Pursuant to the terms of the Solevo Wellness acquisition agreement, we acquired Solevo Wellness for an upfront purchase price of \$20.0 million, comprised of 481,097 Subordinate Voting Shares and \$10.0 million in cash, plus a potential earn-out payment of up to an additional 721,647 Subordinate Voting Shares based on the achievement of certain agreed EBITDA milestones. The issuance of additional Subordinate Voting Shares in connection with the earnouts, if any, will have a dilutive impact on our existing shareholders.

On November 13, 2020, Trulieve WV was awarded a processor permit by the West Virginia Office of Medical Cannabis. On January 29, 2021, Trulieve WV was notified that it has been awarded four dispensary permits by the West Virginia Office of Medical Cannabis. 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. We are actively working to begin operations as soon as reasonably practicable, which will vary by location depending on permitting and construction timelines.

In December 2020, Life Essence entered into an asset purchase agreement with Nature's Remedy of Massachusetts, Inc., or Nature's Remedy, and Sammartino Investments, LLC pursuant to which Life Essence agreed to purchase certain assets of Nature's Remedy including a Final Marijuana Retailer License from the Cannabis Control Commission, assignment of a long-term lease for real property in Worcester, Massachusetts for use as a marijuana retailer, and necessary municipal entitlements to operate as a marijuana retailer at the property in exchange for \$7.0 million in cash and 237,881 Subordinate Voting Shares, of which 23,788 are subject to a holdback for twelve months as security for any indemnity claims by us under the asset 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.

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 April 2, 2021, we entered into a definitive agreement pursuant to which we agreed to acquire 100% of the membership interests of Anna Holdings LLC and its wholly owned subsidiary, Chamounix Ventures, LLC, which we refer to collectively as Keystone Shops. Trulieve has agreed to acquire Keystone Shops for \$60.0 million, comprised of \$40.0 million in Subordinate Voting Shares and \$20.0 million in cash, subject to adjustment as described in the definitive agreement. Keystone Shops holds a dispensary license and operates dispensaries in Philadelphia, Devon, and King of Prussia, Pennsylvania. The Subordinate Voting Shares to be issued at closing will be subject to a lockup period of up to 18 months. The transaction is subject to customary closing conditions and regulatory approvals and is expected to close during the second quarter of 2021.

Our principal executive offices are located at 6749 Ben Bostic Road, Quincy, Florida, 32351 and our telephone number is (850) 480-7955. We maintain a website at <http://www.trulieve.com>. The information contained on, or accessible through, our website is not part of this prospectus. Our periodic and current reports are available, free of charge, after the material is electronically filed with, or furnished to, the Canadian securities regulators on SEDAR, at www.sedar.com. We have filed with the SEC a registration statement on Form S-1, including exhibits and schedules, under the Securities Act of 1933, as amended, or the Securities Act, with respect to the Subordinate Voting Shares to be sold in this offering. For further information about us and our Subordinate Voting Shares, you may refer to the registration statement. You may read, without charge, all or any portion of the registration statement or any reports, statements or other information we file with the SEC on the internet website maintained by the SEC at <http://www.sec.gov>.

Implications of Being an Emerging Growth Company

As a company with less than \$1.07 billion in revenue during our last fiscal year, we qualify as an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. As an emerging growth company, we may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include:

- being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure;
- an extended transition period for complying with new or revised accounting standards under Section 102(b)(1) of the JOBS Act;

- reduced disclosure about our executive compensation arrangements in our periodic reports, proxy statements and registration statements;
- exemptions from the requirements to hold a non-binding advisory vote on executive compensation or seek shareholder approval of golden parachute arrangements not previously approved; and
- an exemption from the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as amended, or the Sarbanes-Oxley Act, in the assessment of our internal control over financial reporting.

In addition, the JOBS Act provides that an emerging growth company can take advantage of an extended transition period for complying with new or revised accounting standards. This allows an emerging growth company to delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not “emerging growth companies.”

We expect to take advantage of some or all of the reduced reporting and other requirements that will be available to us as long as we qualify as an emerging growth company. We will, in general, remain an emerging growth company for up to five full fiscal years following the effectiveness of the registration statement of which this prospectus forms a part. We will cease to be an emerging growth company and become ineligible to rely on the above exemptions, if we:

- have \$1.07 billion or more in annual revenue in a fiscal year;
- issue more than \$1.0 billion of non-convertible debt during any three-year period; or
- become a “large accelerated filer” as defined in Rule 12b-2 promulgated under the Exchange Act, which would occur as of the end of our fiscal year where: (i) we have filed at least one annual report pursuant to the Exchange Act; (ii) we have been a company reporting with the Securities and Exchange Commission, or the SEC, for at least 12 months; and (iii) the market value of shares of our Subordinate Voting Shares that are held by non-affiliates equals or exceeds \$700.0 million as of the last business day of our most recently completed second fiscal quarter.

The Offering

| | |
|--|--|
| Subordinate Voting Shares offered: | 5,000,000 Subordinate Voting Shares. |
| Subordinate Voting Shares outstanding after this offering: | 124,573,998 Subordinate Voting Shares (or 125,323,998 Subordinate Voting Shares in the event the underwriters elect to exercise in full their option to purchase additional shares from us). |
| Use of proceeds: | The net proceeds from this offering will be approximately \$189.2 million, or approximately \$217.8 million if the underwriters exercise in full their over-allotment option, at the public offering price of C\$50.00 per share (\$39.63 after giving effect to the conversion rate published by Bloomberg at 4:30pm ET on April 7, 2021 to convert Canadian dollars to U.S. dollars), after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We expect to use the net proceeds from this offering, together with other available funds, for working capital and general corporate purposes including operating expenses and capital expenditures. We may also use a portion of the net proceeds for the acquisition of assets or businesses that complement our business. However, we do not have agreements or commitments for any acquisitions outside the ordinary course of business at this time. See “Use of Proceeds.” |
| Risk Factors: | You should read the “Risk Factors” section and other information included in this prospectus for a discussion of factors to consider carefully before deciding to invest in our Subordinate Voting Shares. |
| Stock exchange listing: | 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.” |
| Description of Capital Stock: | We have two classes of issued and outstanding shares: Subordinate Voting Shares and Multiple Voting Shares. The terms and conditions of the Subordinate Voting Shares and Multiple Voting Shares are identical except with respect to voting and conversion rights. Each Subordinate Voting Share is entitled to one vote and each Multiple Voting Share is entitled to one vote in respect of each Subordinate Voting Share into which such Multiple Voting Share may then be converted. Each Multiple Voting Share may be converted into one hundred Subordinate Voting Shares at the option of its holder (based on the current Conversion Ratio, which is subject to adjustment in certain circumstances) and will be automatically converted into Subordinate Voting Shares 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 Securities Act; (B) the Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act; 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). 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. See “Description of Capital Stock”.

The number of Subordinate Voting Shares to be outstanding after this offering set forth above is based on the 59,952,461 Subordinate Voting Shares outstanding as of December 31, 2020, and 59,621,537 additional Subordinate Voting Shares issuable upon conversion of Multiple Voting Shares and Super Voting Shares outstanding as of December 31, 2020, and excludes:

- 1,129,779 Subordinate Voting Shares issuable upon the exercise of stock options outstanding as of December 31, 2020 under our Stock Option Plan, or Option Plan, at a weighted average exercise price of \$11.72 per share;
- 10,809,226 Subordinate Voting Shares reserved for future issuance under our Option Plan as of December 31, 2020 (the aggregate number of Subordinate Voting Shares reserved for issuance under the Option Plan is limited to 10% of the issued and outstanding Subordinate Voting Shares on an “as converted” basis);
- 6,061,561 Subordinate Voting Shares issuable upon the exercise of outstanding warrants as of December 31, 2020, with an exercise price of \$6.00 per share;
- 3,029,900 Subordinate Voting Shares issuable upon the exercise of outstanding warrants as of December 31, 2020, with an exercise price of \$13.47 per share;
- up to 3,127,135 Subordinate Voting Shares that may be issued upon achievement of certain agreed EBITDA milestones in connection with the acquisition of PurePenn and Solevo Wellness; and
- 496,264 Subordinate Voting Shares to be issued in connection with our pending acquisitions of certain assets of Nature’s Remedy and PCMV.

Except as otherwise noted, all information in this prospectus reflects and assumes no exercise by the underwriters of their option to purchase 750,000 additional Subordinate Voting Shares from us.

Summary Consolidated Financial Data

The following tables summarize our consolidated financial and other data. We derived our summary consolidated statements of operations and comprehensive income data for the years ended December 31, 2020, 2019 and 2018 from our audited consolidated financial statements included elsewhere in this prospectus. The selected consolidated balance sheet data as of December 31, 2020 are derived from our audited consolidated financial statements included elsewhere in this prospectus audited. Our historical results are not necessarily indicative of the results that may be expected in the future. You should read the following financial information together with the information under the sections titled “*Selected Consolidated Financial and Other Data,*” “*Management’s Discussion and Analysis of Financial Condition and Results of Operations,*” and our consolidated financial statements and related notes included elsewhere in this prospectus.

| | Year Ended December 31, | | |
|--|--|-----------|-----------|
| | 2020 | 2019 | 2018 |
| | <i>(in thousands, except per share data)</i> | | |
| Statement of Operations Data: | | | |
| Revenues, Net of Discounts | \$521,533 | \$252,819 | \$102,817 |
| Cost of Goods Sold | 135,116 | 60,982 | 22,385 |
| Gross Profit | 386,418 | 191,837 | 80,431 |
| Operating Expenses: | | | |
| General and Administrative | 36,056 | 14,071 | 19,156 |
| Sales and Marketing | 119,395 | 59,349 | 25,050 |
| Depreciation and Amortization | 12,600 | 5,079 | 1,138 |
| Total Operating Expenses | 168,051 | 78,499 | 45,344 |
| Income from Operations | 218,367 | 113,338 | 35,088 |
| Other Income (Expense): | | | |
| Interest Expense, Net | (20,237) | (9,050) | (2,103) |
| Other (Expense) Income, Net | (40,680) | (607) | 60 |
| Total Other Expense | (60,917) | (9,658) | (2,044) |
| Income Before Provision for Income Taxes | 157,450 | 103,680 | 33,044 |
| Provision For Income Taxes | 94,451 | 50,586 | 22,151 |
| Net Income and Comprehensive Income | \$ 62,999 | \$ 53,094 | \$ 10,893 |
| Net Income Per Share Attributable to Common Shareholders | | | |
| Basic | \$ 0.55 | \$ 0.48 | \$ 0.11 |
| Diluted | \$ 0.53 | \$ 0.46 | \$ 0.11 |
| Weighted Average Common Shares Outstanding | | | |
| Basic | 113,572 | 110,206 | 101,697 |
| Diluted | 118,326 | 115,318 | 103,201 |

As of December 31,
2020

(in thousands)

Consolidated Balance Sheet Data:

| | |
|----------------------------------|-----------|
| Cash | \$146,713 |
| Working capital(1) | 189,150 |
| Total assets | 816,112 |
| Total liabilities | 368,208 |
| Total shareholders' equity | 447,904 |

(1) We define working capital as current assets less current liabilities.

RISK FACTORS

Investing in our Subordinate Voting Shares involves a high degree of risk. Before you decide to invest in our Subordinate Voting Shares, you should consider carefully the risks described below, together with the other information contained in this prospectus, including our financial statements and the related notes appearing at the end of this prospectus. We believe the risks described below are the risks that are material to us as of the date of this prospectus. If any of the following risks actually occur, our business, results of operations and financial condition would likely be materially and adversely affected. In these circumstances, the market price of our Subordinate Voting Shares could decline, and you may lose part or all of your investment.

Risks Related to this Offering

Future sales and issuances of our Subordinate Voting Shares or rights to purchase Subordinate Voting Shares, including pursuant to our Option Plan, could result in additional dilution of the percentage ownership of our stockholders and could cause our stock price to fall.

We expect that significant additional capital may be needed in the future to continue our planned operations, including for working capital requirements, capital expenditure, debt service payments and potential acquisitions. To raise capital, we may sell Subordinate Voting Shares, convertible securities or other equity securities in one or more transactions at prices and in a manner we determine from time to time. If we sell Subordinate Voting Shares, convertible securities or other equity securities in more than one transaction, investors may be materially diluted by subsequent sales. Such sales may also result in material dilution to our existing stockholders, and new investors could gain rights, preferences and privileges senior to the holders of our Subordinate Voting Shares, including Subordinate Voting Shares sold in this offering.

You will experience immediate and substantial dilution in the net tangible book value of the shares you purchase in this offering.

If you purchase Subordinate Voting Shares in this offering, you will experience immediate and substantial dilution, as the public offering price of our Subordinate Voting Shares will be substantially greater than the net tangible book value per share of our Subordinate Voting Shares. Based on the public offering price of C\$50.00 per share (\$39.63 after giving effect to the conversion rate published by Bloomberg at 4:30pm ET on April 7, 2021 to convert Canadian dollars to U.S. dollars), if you purchase our Subordinate Voting Shares in this offering, you will suffer immediate and substantial dilution of approximately \$35.83 per share. If the underwriters exercise their over-allotment option, if outstanding options and warrants to purchase our Subordinate Voting Shares are exercised, if the outstanding Multiple Voting Shares and Super Voting Shares are converted into Subordinate Voting Shares and if additional Subordinate Voting Shares are issued in connection with the earnouts for the PurePenn and Solevo Wellness acquisitions, you will experience additional dilution. For a further description of the dilution that you will experience immediately after this offering, see the section entitled “Dilution.”

Our board of directors and management will have broad discretion over the use of the proceeds we receive in this offering and might not apply the proceeds in ways that increase the value of your investment.

Our board of directors and management will have broad discretion to use the net proceeds from this offering, including for any of the purposes described in the section entitled “Use of Proceeds,” and you will be relying on the judgment of our board of directors and management regarding the application of these proceeds. You will not have the opportunity to influence our decisions on how to use the proceeds, and we may not apply the net proceeds of this offering in ways that increase the value of your investment. Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. The failure by our management to apply these funds effectively could harm our business. Pending their use, we may invest the net proceeds from this offering in short-term, investment-grade, interest-bearing securities. These investments may not yield a favorable return to our stockholders. If we do not invest or

apply the net proceeds from this offering in ways that enhance stockholder value, we may fail to achieve expected financial results, which could cause our stock price to decline.

A significant portion of our total outstanding shares are eligible to be sold into the market, which could cause the market price of our Subordinate Voting Shares to drop significantly, even if our business is doing well.

Sales of a substantial number of our Subordinate Voting Shares in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of our Subordinate Voting Shares intend to sell shares, could cause the market price of our Subordinate Voting Shares to decline significantly.

Upon completion of this offering, based on our Subordinate Voting Shares outstanding as of December 31, 2020 (on an as converted basis), we will have 124,573,998 Subordinate Voting Shares outstanding based on the issuance and sale of 5,000,000 Subordinate Voting Shares in this offering. Of these Subordinate Voting Shares, only 35,763,821 are subject to a contractual lock-up with the underwriters for this offering for a period of ninety days following this offering. Canaccord Genuity may release these stockholders from their lock-up agreements with the underwriters at any time, which would allow for earlier sales of shares in the public market. All other Subordinate Voting Shares will only be eligible for resale pursuant to an exemption from the registration requirements of the Securities Act of 1933, as amended. See “Description of Capital Stock—Restrictions on the Use of Rule 144 by Shell Companies or Former Shell Companies” for additional information. Any shares purchased in this offering may be resold into the public market immediately without restriction, unless purchased by our affiliates.

Risks related to Our Business and Industry

Cannabis is illegal under United States federal law.

In the United States, or the U.S., cannabis is largely regulated at the state level. Each state in which we operate (or are 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. However, 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 criminalized under the Controlled Substances Act, as amended, which we refer to as the CSA. Cannabis is a Schedule I controlled substance under the CSA, and is thereby deemed to have a high potential for abuse, no accepted medical use in the United States, and a lack of safety for use under medical supervision. The concepts of “medical cannabis,” “retail cannabis” and “adult-use cannabis” do not exist under U.S. federal law. Although we believe that our business activities are compliant with applicable state and local laws in the United States, strict compliance with state and local cannabis laws would not provide a defense to any federal proceeding which may be brought against us. Any such proceedings may result in a material adverse effect on us. We derive 100% of our revenues from the cannabis industry. The enforcement of applicable U.S. federal laws poses a significant risk to us.

Violations of any United States federal laws and regulations could result in significant fines, penalties, administrative sanctions, or settlements arising from civil proceedings conducted by either the United States federal government or private citizens. We may also be subject to criminal charges under the CSA, and if convicted could face a variety of penalties including, but not limited to, disgorgement of profits, cessation of business activities or divestiture. Any of these penalties could have a material adverse effect on our reputation and ability to conduct our business, our holding (directly or indirectly) of medical and adult-use cannabis licenses in the United States, our financial position, operating results, profitability or liquidity or the market price of our publicly-traded shares. In addition, it is difficult for us to estimate the time or resources that would be needed for the investigation, settlement or trial of any such proceedings or charges, and such time or resources could be substantial.

The regulation of cannabis in the United States is uncertain.

Our activities are subject to regulation by various state and local governmental authorities. Our business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals necessary for the sale of our products in the jurisdictions in which we operate. Any delays in obtaining or failure to obtain necessary regulatory approvals would significantly delay our development of markets and products, which could have a material adverse effect on our business, results of operations and financial condition. Furthermore, although we believe that our operations are currently carried out in accordance with all applicable state and local 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 that could limit or curtail our ability to distribute or 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 us.

The cannabis industry is relatively new.

We are operating in a relatively new industry and market. In addition to being subject to general business risks, we must continue to build brand awareness in this industry and market share through significant investments in our 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 cannabidiol, or CBD, and tetrahydrocannabinol, or 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 our products and dispensary services.

Accordingly, there is no assurance that the cannabis industry and the market for medicinal and/or adult-use cannabis will continue to exist and grow as currently anticipated or function and evolve in a 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 our business, financial condition and results of operations.

We face risks due to industry immaturity or limited comparable, competitive or established industry best practices.

As a relatively new industry, there are not many established operators in the medical and adult use cannabis industries whose business models we can follow or build upon. Similarly, there is no or limited information about comparable companies available for potential investors to review in making a decision about whether to invest in us.

Shareholders and investors should consider, among other factors, our prospects for success in light of the risks and uncertainties encountered by companies, like us, that are in their early stages. For example, unanticipated expenses and problems or technical difficulties may occur, which may result in material delays in the operation of our business. We may fail to successfully address these risks and uncertainties or successfully implement our operating strategies. If we fail to do so, it could materially harm our business to the point of having to cease operations and could impair the value of the Subordinate Voting Shares to the extent that investors may lose their entire investments.

Our ability to grow our medical and adult-use cannabis product offerings and dispensary services may be limited.

As we introduce or expand our medical and adult-use cannabis product offerings and dispensary services, we may incur losses or otherwise fail to enter certain markets successfully. Our expansion into new markets may place us in competitive and regulatory environments with which we are unfamiliar and involve various risks, including the need to invest significant resources and the possibility that returns on those investments will not be achieved for several years, if at all. In attempting to establish new product offerings or dispensary services, we may incur significant expenses and face various other challenges, such as expanding our work force and management personnel to cover these markets and complying with complicated cannabis regulations that apply to these markets. In addition, we may not successfully demonstrate the value of these product offerings and dispensary services to consumers, and failure to do so would compromise our ability to successfully expand these additional revenue streams.

We may acquire other companies or technologies.

Our success will depend, in part, on our ability to grow our business in response to the demands of consumers and other constituents within the cannabis industry as well as competitive pressures. In some circumstances, we 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 we may not be able to successfully complete identified acquisitions. In addition, we may not realize the expected benefits from completed acquisitions. The risks we face in connection with acquisition include:

- diversion of management time and focus from operating our 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 our 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 intangible assets or other assets acquired in transactions that may have an adverse effect on our 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.

Our failure to address these risks or other problems encountered in connection with any future acquisitions or investments could cause us to fail to realize the anticipated benefits of these acquisitions or investments, cause us to incur unanticipated liabilities, and harm our business generally. Future acquisitions could also result in the incurrence of debt, contingent liabilities, amortization expenses, or the impairment of goodwill, any of which could harm our financial condition.

We may issue additional Subordinate Voting Shares in connection with such transactions, which would dilute our other shareholders' interests in us. The presence of one or more material liabilities of an acquired

company that are unknown to us at the time of acquisition could have a material adverse effect on our business, results of operations, prospects and financial condition. A strategic transaction may result in a significant change in the nature of our business, operations and strategy. In addition, we may encounter unforeseen obstacles or costs in implementing a strategic transaction or integrating any acquired business into our operations.

If we cannot manage our growth, it could have a material adverse effect on our business, financial condition and results of operations.

We may be subject to growth-related risks, including capacity constraints and pressure on our internal systems and controls. Our ability to manage growth effectively will require us to continue to implement and improve our operational and financial systems and to expand, train and manage our employee base. Our inability to successfully manage our growth may have a material adverse effect on our business, financial condition, results of operations or prospects.

Anti-Money Laundering Laws in the United States may limit access to funds from banks and other financial institutions.

In February 2014, the Financial Crimes Enforcement Network, or FinCEN, bureau of the United States Treasury Department issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis businesses, including rigorous due diligence expectations and reporting requirements. While the guidance advised prosecutors not to focus their enforcement efforts on banks and other financial institutions that serve marijuana-related businesses, so long as they meet certain conditions, this guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the United States Department of Justice, or DOJ, FinCEN or other federal regulators. Because of this and the fact that the guidance may be amended or revoked at any time, most banks and other financial institutions have not been willing to provide banking services to cannabis-related businesses. 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, we may have limited or no access to banking or other financial services in the United States and may have to operate our United States business on an all-cash basis. If we are unable or limited in our ability to open or maintain bank accounts, obtain other banking services or accept credit card and debit card payments, it may be difficult for us to operate and conduct our business as planned. Although, we are actively pursuing alternatives that ensure our operations will continue to be compliant with the FinCEN guidance (including requirements related to disclosures about cash management and U.S. federal tax reporting), we may not be able to meet all applicable requirements.

We are 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, or the 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 our operations or related activities in the United States were found to be in violation of money laundering legislation or otherwise, those 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 our ability to declare or pay dividends or effect other distributions.

The re-classification of cannabis or changes in U.S. controlled substance laws and regulations could have a material adverse effect on our business, financial condition and results of operations.

If cannabis is re-classified as a Schedule II or lower controlled substance under the CSA, 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 lower controlled substance, the resulting re-classification would result in the need for approval by United States Food and Drug Administration, or FDA, if medical claims are made about our medical cannabis products. As a result of such a re-classification, the manufacture, importation, exportation, domestic distribution, storage, sale and use of such products could become subject to a significant degree of regulation by the United States Drug Enforcement Administration, or DEA. In that case, we may be required to be registered 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 our products. The DEA conducts periodic inspections of registered establishments that handle controlled substances. Failure to maintain compliance could have a material adverse effect on our 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 regulation by the FDA could have a material adverse effect on our business, financial condition and results of operations.

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 of our medical cannabis products. 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 and could include the imposition of new costs, requirements, and prohibitions. If we are unable to comply with the regulations or registration as prescribed by the FDA, it may have an adverse effect on our business, operating results, and financial condition.

We could be materially adversely impacted due to restrictions under U.S. border entry laws.

Because cannabis remains illegal under U.S. federal law, those investing in Canadian companies with operations in the U.S. cannabis industry could face detention, denial of entry or lifetime bans from the United States as a result of their business associations with U.S. cannabis businesses. Entry into the United States happens at the sole discretion of United States Customs and Border Patrol, or CBP, officers on duty, and these officers have wide latitude to ask questions to determine the admissibility of a non-U.S. 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 U.S. federal law, 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 denial of entry into the United States. On September 21, 2018, the 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 U.S. laws regarding controlled substances. According to the statement, because cannabis continues to be a controlled substance under U.S. law, working in or facilitating the proliferation of the marijuana industry in U.S. states where it is legal under state law may affect admissibility to the United States. On October 9, 2018, the CBP released an additional statement regarding the admissibility of Canadian citizens working in the legal cannabis industry in Canada. CBP stated that a Canadian citizen working in or facilitating the proliferation of the legal cannabis industry in Canada who seeks to come 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, the CBP has affirmed that employees, directors, officers and managers of and investors in companies involved in business activities related to cannabis in the United States (such as Trulieve), who are not U.S. citizens face the risk of being barred from entry into the United States for life.

As a cannabis company, we may be subject to heightened scrutiny in Canada and the United States that could materially adversely impact the liquidity of the Subordinate Voting Shares.

Our 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, The Canadian Depository of Securities, or 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, the parent company of CDS, announced the signing of a Memorandum of Understanding, which we refer to as the TMX MOU, with Aequis 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 until an alternative was implemented, and investors would have no ability to effect a trade of the Subordinate Voting Shares through the facilities of a stock exchange.

We expect to incur significant ongoing costs and obligations related to our investment in infrastructure, growth, regulatory compliance and operations

We expect to incur significant ongoing costs and obligations related to our investment in infrastructure and growth and for regulatory compliance, which could have a material adverse impact on our 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 our operations, increase our compliance costs or give rise to material liabilities, which could have a material adverse effect on our business, results of operations and financial condition. Our efforts to grow our business may be more costly than expected, and we may not be able to increase our revenue enough to offset these higher operating expenses. We may incur significant losses in the future for a number of reasons, including unforeseen expenses, difficulties, complications and delays, and other unknown events. If we are unable to achieve and sustain profitability, the market price of our securities may significantly decrease.

The market for the Subordinate Voting Shares may be limited for holders of our securities who live 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 U.S. cannabis industry, which may prohibit or significantly impair the ability of securityholders in the United States to trade our securities. In the event residents of the United States are unable to settle trades of our securities, 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.

The COVID-19 pandemic could adversely affect our business, financial condition and results of operations.

The global outbreak of the novel strain of the coronavirus known as COVID-19 has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the

implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally, resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments or their impact on our financial results and condition. Thus far, the COVID-19 pandemic has not had a material adverse effect on our business, financial condition and results of operations.

Nonetheless, our business could be materially and adversely affected by the risks, or the public perception of the risks, related to the continuing 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 our supply chains and/or delays in the delivery of our products. These risks could also adversely affect our customers' financial condition, resulting in reduced spending for the products we sell. Moreover, any epidemic, pandemic, outbreak or other public health crisis, including COVID-19, could cause our employees to avoid our properties, which could adversely affect our ability to adequately staff and manage our businesses. "Shelter-in-place" or other such orders by governmental entities could also disrupt our 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 our stores or other facilities. Although our medical dispensaries in Florida and Connecticut have been considered essential services and therefore have been allowed to remain operational, our adult-use operations may not be allowed to remain open during the COVID-19 pandemic.

The ultimate extent of the impact of any epidemic, pandemic or other health crisis on our 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 its 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 our business, financial condition, growth strategies and results of operations.

We may not be able to locate and obtain the rights to operate at preferred locations.

In Massachusetts and other states, the local municipality has authority to choose where any cannabis establishment will be located. These authorized areas are frequently removed from other retail operations. Because the cannabis industry remains illegal under U.S. federal law, the disadvantaged tax status of businesses deriving their income from cannabis, and the reluctance of the banking industry to support cannabis businesses, it may be difficult for us to locate and obtain the rights to operate at various preferred locations. Property owners may violate their mortgages by leasing to us, and those property owners that are willing to allow use of their facilities may require payment of above fair market value rents to reflect the scarcity of such locations and the risks and costs of providing such facilities.

As a cannabis business, we are subject to certain tax provisions that have a material adverse effect on our business, financial condition and results of operations.

Under Section 280E of the U.S. Internal Revenue Code of 1986, as amended, or the IRC, "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, or the IRS, to cannabis operations, prohibiting them from deducting expenses directly associated with cannabis businesses. Section 280E may have a lesser impact on cannabis cultivation and manufacturing operations than on sales operations. Section 280E and related

IRS enforcement activity has had a significant impact on the operations of cannabis companies. As a result, an otherwise profitable business may, in fact, operate at a loss, after taking into account its United States income tax expenses.

We expect to be subject to taxation in both Canada and the United States, which could have a material adverse effect on our financial condition and results of operations.

We are a Canadian corporation, and as a result generally would be classified as a non-United States corporation under the general rules of U.S. federal income taxation. IRC Section 7874, however, contains rules that can cause a non-United States corporation to be taxed as a United States corporation for U.S. federal income tax purposes. Under IRC Section 7874, a corporation created or organized outside of the United States will nevertheless be treated as a United States corporation for U.S. federal income tax purposes, which 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 U.S. 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 acquired United States 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.

Pursuant to IRC Section 7874, we are classified as a United States corporation for United States federal income tax purposes and are subject to United States federal income tax on our worldwide income. Regardless of any application of IRC Section 7874, however, we expect to be treated as a Canadian resident company for purposes of the Canadian Income Tax Act, as amended. As a result, we are subject to taxation both in Canada and the United States, which could have a material adverse effect on our financial condition and results of operations.

We may not have access to United States bankruptcy protections available to non-cannabis businesses.

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 we were to experience a bankruptcy, there is no guarantee that United States federal bankruptcy protections would be available to us, which would have a material adverse effect on us and may make it more difficult for us to obtain debt financing.

We are a holding company and our ability to pay dividends or make other distributions to shareholders may be limited.

Trulieve Cannabis Corp. is a holding company and essentially all of its assets are the capital stock of its subsidiaries. We currently conduct substantially all of our business through Trulieve US, which currently generates substantially all of our revenues. Consequently, our cash flows and ability to complete current or desirable future growth opportunities are dependent on the earnings of Trulieve US and our other subsidiaries and the distribution of those earnings to Trulieve Cannabis Corp. The ability of our subsidiaries to pay dividends and other distributions will depend on those subsidiaries' operating results and will be subject to applicable laws and regulations that 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 our subsidiaries. In the event of a bankruptcy, liquidation or reorganization of Trulieve US or another of our subsidiaries, holders of indebtedness and trade creditors of that subsidiary may be entitled to payment of their claims from that subsidiary's assets before we or our shareholders would be entitled to any payment or residual assets.

There is doubt regarding our ability 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 U.S. federal law, even if there is no violation of state law. There remains doubt and uncertainty that we will be able to legally enforce our contracts. If we are unable to realize the benefits of or otherwise enforce the contracts into which we enter, it could have a material adverse effect on our business, financial condition and results of operations.

We face increasing competition that may materially and adversely affect our business, financial condition and results of operations.

We face 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), although there are a few multistate operators with which we compete directly. Aside from this direct competition, out-of-state operators that are capitalized well enough to enter markets through acquisitive growth are also part of the competitive landscape. Similarly, as we execute our growth strategy, operators in our future state markets will inevitably become direct competitors. We are likely to continue to face increasing and intense competition from these companies. Increased competition by larger and better financed competitors could materially and adversely affect our business, financial condition and results of operations.

If the number of users of adult-use and medical marijuana in the United States increases, the demand for products will increase. Consequently, we expect that competition will become more intense as current and future competitors begin to offer an increasing number of diversified products to respond to such increased demand. To remain competitive, we will require a continued investment in research and development, marketing, sales and client support. We may not have sufficient resources to maintain sufficient levels of investment in research and development, marketing, sales and client support efforts to remain competitive, which could materially and adversely affect our business, financial condition and results of operations.

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

We are subject to limits on our ability to own the licenses necessary to operate our business, which will adversely affect our ability to grow our business and market share in certain states.

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 or entity may own in that state. For example, in Massachusetts, no person or entity may have an ownership interest in, or control over, more than three medical licenses or three adult-use licenses in any category, which include cultivation, product manufacturing, transport or retail. Such limitations on the acquisition of ownership of additional licenses within certain states may limit our ability to grow organically or to increase our market share in affected states.

We may not be able to accurately forecast our operating results and plan our operations due to uncertainties in the cannabis industry.

Because U.S. federal and state laws prevent widespread participation in and otherwise hinder market research in the medical and adult-use cannabis industry, the third-party market data available to us is limited and

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

We are subject to risks related to growing an agricultural product.

Our business involves the growing of cannabis, an agricultural product. Such business is subject to the risks inherent in the agricultural business, such as losses due to infestation by insects or plant diseases and similar agricultural risks. Although much of our growing is expected to be completed indoors, there can be no assurance that natural elements will not have a material adverse effect on our future production.

We may not be able to adequately protect our intellectual property.

As long as cannabis remains illegal under U.S. federal law as a Schedule I controlled substance under the CSA, the benefit of certain federal laws and protections that may be available to most businesses, such as federal trademark and patent protection, may not be available to us. As a result, our 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, we can provide no assurance that we will ever obtain any protection for our intellectual property, whether on a federal, state or local level.

Our property is subject to risk of civil asset forfeiture.

Because the cannabis industry remains illegal under U.S. federal law, any property owned by participants in the cannabis industry that is either used in the course of conducting or comprises the proceeds of a cannabis 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 process, it could become subject to forfeiture.

Our internal controls over financial reporting may not be effective, and our independent auditors may not be able to certify as to their effectiveness, which could have a significant and adverse effect on our business.

We are subject to various SEC reporting and other regulatory requirements. We have incurred and will continue to incur expenses and, to a lesser extent, diversion of our management's time in our efforts to comply with Section 404 of the Sarbanes-Oxley Act of 2002 regarding internal controls over financial reporting. Effective internal controls over financial reporting are necessary for us to provide reliable financial reports and, together with adequate disclosure controls and procedures, are designed to prevent fraud. Any failure to implement required new or improved controls, or difficulties encountered in their implementation could cause us to fail to meet our reporting obligations. In addition, any testing by us conducted in connection with Section 404 of the Sarbanes-Oxley Act of 2002, or the subsequent testing by our independent registered public accounting firm when required, may reveal deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses or that may require prospective or retrospective changes to our consolidated financial statements or identify other areas for further attention or improvement. Inferior internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our Subordinate Voting Shares.

We are highly dependent on certain key personnel.

We depend on key managerial personnel, including Kim Rivers, our President and Chief Executive Officer, for our continued success, and our anticipated growth may require additional expertise and the addition of new qualified

personnel. Qualified individuals within the cannabis industry are in high demand and we may incur significant costs to attract and retain qualified management personnel, or be unable to attract or retain personnel necessary to operate or expand our business. The loss of the services of existing personnel or our failure to recruit additional key managerial personnel in a timely manner, or at all, could harm our business development programs and our ability to manage day-to-day operations, attract collaboration partners, attract and retain other employees, and generate revenues, and could have a material adverse effect on our business, financial condition and results of operations.

We may be at a higher risk of IRS audit.

Based on anecdotal information, we believe there is a greater likelihood that the Internal Revenue Service will audit the tax returns of cannabis-related businesses. Any such audit of our tax returns could result in our being required to pay additional tax, interest and penalties, as well as incremental accounting and legal expenses, which could be material.

We face inherent risks of liability claims related to the use of our products.

As a distributor of products designed to be ingested by humans, we face an inherent risk of exposure to product liability claims, regulatory action and litigation if our products cause or are alleged to have caused significant loss or injury. We may be subject to various product liability claims, including, among others, that our 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 us, whether or not successful, could result in materially increased costs, adversely affect our reputation with our clients and consumers generally, and have a material adverse effect on our results of operations and financial condition.

We may become party to litigation from time to time in the ordinary course of business which could adversely affect our business. Should any litigation in which we become involved be determined against us, such a decision could adversely affect our ability to continue operating and the market price for the Subordinate Voting Shares. Even if we achieve a successful result in any litigation in which we are involved, the costs of litigation and redirection of our management's time and attention could have an adverse effect on our results of operations and financial condition.

Our medical marijuana business may be impacted by consumer perception of the cannabis industry, which we cannot control or predict.

We believe that the medical marijuana industry is highly dependent upon consumer perception regarding the safety, efficacy and quality of medical marijuana distributed to those consumers. Consumer perception of our 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 our products and our business, results of operations, financial condition and cash flows.

Product recalls could result in a material and adverse impact on our business, financial condition and results of operations.

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

our products are recalled due to an alleged product defect or for any other reason, we could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. We 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 we have detailed procedures in place for testing our 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 our significant brands were subject to recall, the image of that brand and our company generally could be harmed. Any recall could lead to decreased demand for our products and could have a material adverse effect on our results of operations and financial condition. Additionally, product recalls may lead to increased scrutiny of our operations by regulatory agencies, requiring further management attention and potential legal fees and other expenses.

We could be subject to criminal prosecution or civil liabilities under RICO.

The Racketeer Influenced Corrupt Organizations Act (“RICO”) criminalizes the use of any profits from certain defined “racketeering” activities in interstate commerce. While intended to provide an additional cause of action against organized crime, due to the fact that cannabis is illegal under U.S. federal law, the production and sale of cannabis qualifies cannabis related businesses as “racketeering” as defined by RICO. As such, all officers, managers and owners in a cannabis related business could be subject to criminal prosecution under RICO, which carries substantial criminal penalties.

RICO can create civil liability as well: persons harmed in their business or property by actions which would constitute racketeering under RICO often have a civil cause of action against such “racketeers,” and can claim triple their amount of estimated damages in attendant court proceedings. Trulieve or its subsidiaries, as well as its officers, managers and owners could all be subject to civil claims under RICO.

We are subject to security risks related to our products as well as our information and technology systems.

Given the nature of our product and its limited legal availability, we are at significant risk of theft at our facilities. A security breach at one of our facilities could expose us 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 our products.

In addition, we collect and store personal information about our patients and we are responsible for protecting that information from privacy breaches. We store certain personally identifiable information and other confidential information of our customers on our systems and applications. Though we maintain robust, proprietary security protocols, we may experience attempts by third parties to obtain unauthorized access to the personally identifiable information and other confidential information of our customers. This information could also be otherwise exposed through human error or malfeasance. The unauthorized access or compromise of this personally identifiable information and other confidential information could have a material adverse impact on our business, financial condition and results of operations.

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 our business, financial condition and results of operations.

Our operations depend and will depend, in part, on how well we protect our networks, equipment, information technology, or 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. Our operations also depend and will continue to 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 our reputation and results of operations.

We may have increased labor costs based on union activity.

Labor unions are working to organize workforces in the cannabis industry in general. Currently, there is no labor organization that has been recognized as a representative of our employees. However, it is possible that certain retail and/or manufacturing locations will be organized in the future, which could lead to work stoppages or increased labor costs and adversely affect our business, profitability and our ability to reinvest into the growth of our business. We cannot predict how stable our relationships with U.S. labor organizations would be or whether we would be able to meet any unions' requirements without impacting our financial condition. Labor unions may also limit our flexibility in dealing with our workforce. Work stoppages and instability in our union relationships could delay the production and sale of our products, which could strain relationships with customers and cause a loss of revenues which would adversely affect our operations.

We face risks related to our products.

We have committed and expect to continue committing significant resources and capital to develop and market existing products and new products and services. These products are relatively untested in the marketplace, and we cannot assure shareholders and investors that we will achieve market acceptance for these products, or other new products and services that we may offer in the future. Moreover, these and other new products and services may be subject to significant competition with offerings by new and existing competitors in the industry. In addition, new products and services may pose a variety of challenges and require us to attract additional qualified employees. The failure to successfully develop, manage and market these new products and services could seriously harm our business, prospects, revenue, results of operation and financial condition.

Our significant indebtedness may adversely affect our business, financial condition and financial results.

Our ability to make certain payments or advances will be subject to applicable laws and contractual restrictions in the instruments governing our indebtedness, including the \$70.0 million in aggregate principal amount of notes we issued on June 18, 2019 and the \$60.0 million in aggregate principal amount of notes issued on November 7, 2019. The contractual restrictions in the instruments governing such notes include restrictive covenants that limit our discretion with respect to certain business matters. These covenants place restrictions on, among other things, our ability to create liens or other encumbrances, to pay distributions or make certain other payments, and to sell or otherwise dispose of certain assets. A failure to comply with such obligations could result in a default, which, if not cured or waived, could permit acceleration of the relevant indebtedness. Our significant indebtedness could have important consequences, including: (i) our ability to obtain additional financing for working capital, capital expenditures, or acquisitions may be limited; and (ii) all or part of our cash flow from operations may be dedicated to the payment of the principal of and interest on our indebtedness, thereby reducing funds available for operations. These factors may adversely affect our cash flow. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, may materially and adversely affect our business, results of operations, and financial condition.

We may be unable to obtain adequate insurance coverage.

We have obtained insurance coverage with respect to workers' compensation, general liability, directors' and officers' liability, fire and other similar policies customarily obtained for businesses to the extent commercially appropriate; however, because we are engaged in and operate within the cannabis industry, there are exclusions and additional difficulties and complexities associated with our insurance coverage that could

cause us to suffer uninsured losses, which could adversely affect our business, results of operations, and profitability. There is no assurance that we will be able to obtain insurance coverage at a reasonable cost or fully utilize such insurance coverage, if necessary.

We rely on key utility services.

Our business is dependent on a number of key inputs and their related costs, including raw materials and supplies related to our growing operations, as well as electricity, water and other local utilities. Our cannabis growing operations consume and will continue to consume considerable energy, which makes us vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact our business and our ability to operate profitably. Additionally, any significant interruption or negative change in the availability or economics of the supply chain for our key inputs could materially impact our business, financial condition and operating results. If we are unable to secure required supplies and services on satisfactory terms, it could have a materially adverse impact on our business, financial condition and operating results.

Risks related to owning Subordinate Voting Shares

Additional issuances of Multiple Voting Shares or Subordinate Voting Shares may result in further dilution and could have anti-takeover effects.

We may issue additional equity or convertible debt securities in the future, which may dilute an existing shareholder's holdings. Our articles permit the issuance of an unlimited number of Multiple Voting Shares and Subordinate Voting Shares, and existing shareholders will have no pre-emptive rights in connection with such further issuances. Our board of directors has discretion to determine the price and the terms of further issuances. The ability of our board of directors to issue additional Multiple Voting shares and/or Subordinate Voting Shares could also have anti-takeover effects. Moreover, we will issue additional Subordinate Voting Shares on the conversion of the Multiple Voting Shares in accordance with their terms. To the extent holders of our options, warrants or other convertible securities convert or exercise their securities and sell Subordinate Voting Shares they receive, the trading price of the Subordinate Voting Shares may decrease due to the additional amount of Subordinate Voting Shares available in the market. We cannot predict the size or nature of future issuances or the effect that future issuances and sales of Subordinate Voting Shares will have on the market price of the Subordinate Voting Shares. Issuances of a substantial number of additional Subordinate Voting Shares, or the perception that such issuances could occur, may adversely affect prevailing market prices for the Subordinate Voting Shares. With any additional issuance of Subordinate Voting Shares, our investors will suffer dilution to their voting power and economic interest.

Sales of substantial amounts of Subordinate Voting Shares by our existing shareholders in the public market may have an adverse effect on the market price of the Subordinate Voting Shares.

Sales of a substantial number of Subordinate Voting Shares in the public market could occur at any time. These sales, or the perception in the market that holders of a large number of shares intend to sell shares, or the availability of such securities for sale, could adversely affect the prevailing market prices for the Subordinate Voting Shares. As of December 31, 2020, we had an aggregate of 596,215.37 Multiple Voting Shares and Super Voting Shares outstanding, which were convertible into an aggregate of 59,621,537 Subordinate Voting Shares. Each Super Voting Share was automatically converted, without further action by the holder thereof, into Multiple Voting Shares on March 21, 2021. If all or a substantial portion of our Multiple Voting Shares are converted into Subordinate Voting Shares, the potential for sales of substantial numbers of Subordinate Voting Shares may increase. A decline in the market prices of the Subordinate Voting Shares could impair our ability to raise additional capital through the sale of securities should it desire to do so.

Sales of substantial amounts of Subordinate Voting Shares could negatively impact the market price of the 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 our ability to raise additional capital through the sale of securities.

The market price for the Subordinate Voting Shares has been and is likely to continue to be volatile.

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

Financial markets have experienced significant price and volume fluctuations that have 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 those companies. Accordingly, the market price of the Subordinate Voting Shares may decline even if our 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, our operations could be adversely impacted, and the trading price of the Subordinate Voting Shares could be materially adversely affected.

There may not be sufficient liquidity in the markets for our Subordinate Voting Shares.

Our Subordinate Voting Shares are listed for trading on the CSE under the trading symbol “TRUL” and on the OTCQX Best Market under the symbol “TCNNF.” The liquidity of any market for the shares of our Subordinate Voting Shares will depend on a number of factors, including:

- the number of shareholders;
- our 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.

We are subject to increased costs as a result of being a U.S. reporting company.

As a public issuer, we are subject to the reporting requirements and rules and regulations under the applicable Canadian securities laws and rules of any stock exchange on which our securities may be listed from

time to time. In addition, we became subject to the reporting requirements of the United States Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder on February 4, 2021. Additional or new regulatory requirements may be adopted in the future. The requirements of existing and potential future rules and regulations will increase our legal, accounting and financial compliance costs, make some activities more difficult, time-consuming or costly and may also place undue strain on our personnel, systems and resources, which could adversely affect our business, financial condition, and results of operations.

We are an “emerging growth company” and will be able take advantage of reduced disclosure requirements applicable to emerging growth companies, which could make our Subordinate Voting Shares less attractive to investors.

We are an “emerging growth company,” as defined in the JOBS Act and, for as long as we continue to be an emerging growth company, we intend to take advantage of certain exemptions from various reporting requirements applicable to other public companies but not to emerging growth companies, including, but not limited to, not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act, reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements, and exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved. We could be an emerging growth company for up to five years, or until the earliest of (i) the last day of the first fiscal year in which our annual gross revenues exceed \$1.07 billion, (ii) the date that we become a “large accelerated filer” as defined in Rule 12b-2 under the Exchange Act, which would occur if the market value of our Subordinate Voting Shares that are held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter, or (iii) the date on which we have issued more than \$1 billion in non-convertible debt during the preceding three year period.

We intend to take advantage of these reporting exemptions described above until we are no longer an emerging growth company. Under the JOBS Act, emerging growth companies can also delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not emerging growth companies.

We cannot predict if investors will find our Subordinate Voting Shares less attractive if we choose to rely on these exemptions. If some investors find our Subordinate Voting Shares less attractive as a result of any choices to reduce future disclosure, there may be a less active trading market for our Subordinate Voting Shares and the price of our Subordinate Voting Shares may be more volatile.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements. In some cases, you can identify these statements by forward-looking 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. Any statements contained in this prospectus that are not statements of historical facts may be deemed to be forward-looking statements. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition, results of operations and future growth prospects.

Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as of 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 our business and operations; the receipt and/or maintenance by us of required licenses and permits in a timely manner or at all; the intention to grow our business and operations; 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; our competitive and business strategies; our 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 we operate; 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 our senior management; proprietary intellectual property and potential infringement by third parties; the concentration of voting control in certain shareholders and the unpredictability caused by our 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; dependence on management; and other risks described in this prospectus and described from time to time in documents filed by us with the SEC.

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 our operations, are based on estimates prepared by us 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 that we believe to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While we are 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 we believe 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 our control, as more particularly described under the headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this prospectus. Consequently, all forward-looking statements made in this prospectus 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 us. The cautionary statements contained or referred to in this prospectus should be considered in connection with any subsequent written or oral forward-looking statements that we and/or persons acting on our behalf may issue. We do 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.

You should read this prospectus and the documents that we have filed as exhibits to the registration statement of which this prospectus is a part completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. We do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

INDUSTRY AND OTHER DATA

This prospectus contains estimates, projections and other information concerning our industry, our business and the markets for our products, including data regarding the estimated size of those markets, their projected growth rates, the perceptions and preferences of patients, as well as market research, estimates and forecasts prepared by our management. We obtained the industry, market and other data throughout this prospectus from our own internal estimates and research, as well as from industry publications and research, surveys and studies conducted by third parties, including governmental agencies. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties and actual events or circumstances may differ materially from events and circumstances that are assumed in this information.

USE OF PROCEEDS

The net proceeds from our issuance and sale of 5,000,000 Subordinate Voting Shares in this offering will be approximately \$189.2 million, based on the public offering price of C\$50.00 per share (\$39.63 after giving effect to the conversion rate published by Bloomberg at 4:30pm ET on April 7, 2021 to convert Canadian dollars to U.S. dollars), after deducting underwriting discounts and commissions and estimated offering expenses payable by us. If the underwriters exercise their over-allotment option in full, the net proceeds from this offering will be approximately \$217.8 million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

We expect to use the net proceeds from this offering, together with other available funds, for working capital and general corporate purposes, including, but not limited to, operating expenses and capital expenditures. We may also use a portion of the net proceeds for the acquisition of assets or businesses that complement our business. However, we do not have agreements or commitments for any acquisitions outside the ordinary course of business at this time. The expected use of the net proceeds from this offering represents our intentions based upon our current plans and business conditions, which could change in the future as our plans and business conditions evolve. The amounts and timing of our actual expenditures depend on numerous factors. As a result, our management will have broad discretion in applying the net proceeds from this offering. Pending the use of the net proceeds from this offering, we intend to invest the net proceeds in cash items, certificates of deposit or direct or guaranteed obligations of the United States.

DIVIDEND POLICY

We have not declared dividends or distributions on Subordinate Voting Shares in the past. In addition, the Note Indenture governing the 2024 Notes, as defined and described in more detail under the heading “Description of Certain Indebtedness,” contains covenants that, among other things, limit our ability to declare or pay dividends or make certain other payments. We currently intend to reinvest all future earnings to finance the development and growth of our business. As a result, we do not intend to pay dividends on Subordinate Voting Shares in the foreseeable future. Any future determination to pay dividends will be at the discretion of our board of directors and will depend on the financial condition, business environment, operating results, capital requirements, any contractual restrictions on the payment of dividends (including the Note Indenture) and any other factors that the board of directors deems relevant. Other than the Note Indenture, we are not bound or limited in any way to pay dividends in the event that the board of directors determined that a dividend was in the best interest of our shareholders.

DILUTION

If you invest in our Subordinate Voting Shares, your equity interest in our company will be diluted immediately to the extent of the difference between the public offering price per share you will pay in this offering and the as adjusted net tangible book value (deficit) per Subordinate Voting Share after this offering.

Our net tangible book value as of December 31, 2020 was \$283.7 million, or \$2.37 per share. Net tangible book value per share is determined by dividing our total tangible assets, less total liabilities, by the number of our Subordinate Voting Shares outstanding as of December 31, 2020. Dilution with respect to net tangible book value per share represents the difference between the amount per share paid by investors Subordinate Voting Shares in this offering and the net tangible book value per Subordinate Voting Share immediately after this offering.

After giving effect to the sale of 5,000,000 Subordinate Voting Shares in this offering at the public offering price of C\$50.00 per share (\$39.63 after giving effect to the conversion rate published by Bloomberg at 4:30pm ET on April 7, 2021 to convert Canadian dollars to U.S. dollars), and after deducting underwriting discounts and commissions and estimated offering expenses payable by us, our as adjusted net tangible book value as of December 31, 2020 would have been approximately \$472.9 million, or \$3.80 per share. This represents an immediate increase in net tangible book value of \$1.43 per share to existing stockholders and immediate dilution of \$35.83 per share to investors purchasing our Subordinate Voting Shares in this offering. The following table illustrates this dilution on a per share basis:

| | <u>Per Share</u> |
|---|-----------------------|
| Public offering price per share | \$39.63 |
| Net tangible book value per share as of December 31, 2020 | \$2.37 |
| Increase in net tangible book value per share attributable to investors in this offering | <u>\$1.43</u> |
| As adjusted net tangible book value per share as of December 31, 2020, after giving effect to this offering | <u>\$ 3.80</u> |
| Dilution per share to investors purchasing our Subordinate Voting Shares in this offering | <u><u>\$35.83</u></u> |

If the underwriters exercise in full their option to purchase additional shares, our as adjusted net tangible book value per share after this offering would be \$4.00 per share, representing an immediate increase in as adjusted net tangible book value per share of \$1.63 to existing stockholders and immediate dilution of \$35.63 in as adjusted net tangible book value per share to new investors purchasing Subordinate Voting Shares in this offering, at a public offering price of C\$50.00 per share (\$39.63 after giving effect to the conversion rate published by Bloomberg at 4:30 pm ET on April 7, 2021 to convert Canadian dollars to U.S. dollars).

CAPITALIZATION

The following table provides our cash and cash equivalents and our capitalization as of December 31, 2020. You should read this table together with our financial statements and related notes appearing at the end of this prospectus and the sections of this prospectus titled “Selected Consolidated Financial Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Description of Capital Stock.”

The following table sets forth our consolidated cash, cash equivalents and short-term investments, current position of long-term obligations and capitalization as of December 31, 2020:

- on an actual basis;
- on an adjusted basis after giving effect to our sale of 5,000,000 Subordinate Voting Shares offered hereby at a public offering price of C\$50.00 per share (\$39.63 after giving effect to the conversion rate published by Bloomberg at 4:30pm ET on April 7, 2021 to convert Canadian dollars to U.S. dollars) and after deducting the underwriting discounts and commissions and estimated offering expenses.

You should read this table together with our financial statements and related notes appearing at the end of this prospectus and the sections of this prospectus titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Description of Capital Stock.”

| | As of December 31, 2020 | |
|---|--------------------------------|--------------------|
| | actual | As adjusted |
| | <i>(in thousands)</i> | |
| Cash and cash equivalents | \$146,713 | \$ 335,937 |
| Notes Payable | \$ 6,000 | \$ 6,000 |
| Notes Payable—Related Party | 12,011 | 12,011 |
| Other Long-Term Liabilities | 121,080 | 121,080 |
| Operating Lease Liability | 29,604 | 29,604 |
| Finance Lease Liability | 38,935 | 38,935 |
| Construction Finance Liability | 82,047 | 82,047 |
| Shareholders’ equity: | | |
| Common stock, no par value; 119,573,998 shares issued and outstanding; 124,573,998 shares issued and outstanding, as adjusted | — | — |
| Additional paid-in capital | 275,644 | 464,868 |
| Warrants | 52,570 | 52,570 |
| Accumulated earnings | 119,690 | 119,690 |
| Total shareholders’ equity | <u>447,904</u> | <u>637,128</u> |
| Total capitalization | <u>\$816,112</u> | <u>\$1,005,336</u> |

SELECTED CONSOLIDATED FINANCIAL DATA

You should read the following selected consolidated financial data together with our financial statements and the related notes appearing at the end of this prospectus and the “Management’s Discussion and Analysis of Financial Condition and Results of Operations” section of this prospectus. We have derived the statement of operations and comprehensive income data for the years ended December 31, 2020, 2019 and 2018 and the balance sheet data as of December 31, 2020 and 2019 from our audited financial statements included elsewhere in this prospectus. The information in this section is not intended to replace the audited financial statements appearing elsewhere in this prospectus. Our historical results are not necessarily indicative of the results that should be expected in the future.

| | Year Ended December 31, | | |
|--|--|------------------|------------------|
| | 2020 | 2019 | 2018 |
| | <i>(in thousands, except per share data)</i> | | |
| Statement of Operations Data: | | | |
| Revenues, Net of Discounts | \$521,533 | \$252,819 | \$102,817 |
| Cost of Goods Sold | <u>135,116</u> | <u>60,982</u> | <u>22,385</u> |
| Gross Profit | <u>386,418</u> | <u>191,837</u> | <u>80,431</u> |
| Operating Expenses: | | | |
| General and Administrative | 36,056 | 14,071 | 19,156 |
| Sales and Marketing | 119,395 | 59,349 | 25,050 |
| Depreciation and Amortization | <u>12,600</u> | <u>5,079</u> | <u>1,138</u> |
| Total Operating Expenses | <u>168,051</u> | <u>78,499</u> | <u>45,344</u> |
| Income from Operations | 218,367 | 113,338 | 35,088 |
| Other Income (Expense): | | | |
| Interest Expense, Net | (20,237) | (9,050) | (2,103) |
| Other (Expense) Income, Net | <u>(40,680)</u> | <u>(607)</u> | <u>60</u> |
| Total Other Expense | <u>(60,917)</u> | <u>(9,658)</u> | <u>(2,044)</u> |
| Income Before Provision for Income Taxes | 157,450 | 103,680 | 33,044 |
| Provision For Income Taxes | <u>94,451</u> | <u>50,586</u> | <u>22,151</u> |
| Net Income and Comprehensive Income | <u>\$ 62,999</u> | <u>\$ 53,094</u> | <u>\$ 10,893</u> |
| Net Income Per Share Attributable to Common Shareholders | | | |
| Basic | \$ 0.55 | \$ 0.48 | \$ 0.11 |
| Diluted | \$ 0.53 | \$ 0.46 | \$ 0.11 |
| Weighted Average Common Shares Outstanding | | | |
| Basic | 113,572 | 110,206 | 101,697 |
| Diluted | 118,326 | 115,318 | 103,201 |

| | <u>As of December 31,</u> | |
|---|---------------------------|-------------|
| | <u>2020</u> | <u>2019</u> |
| | <i>(in thousands)</i> | |
| Consolidated Balance Sheet Data: | | |
| Cash and cash equivalents | \$146,713 | \$ 91,813 |
| Working capital(1) | 189,150 | 112,804 |
| Total assets | 816,112 | 385,996 |
| Total liabilities | 368,208 | 253,114 |
| Total shareholders' equity | 447,904 | 132,883 |

(1) We define working capital as current assets less current liabilities.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read together with “Prospectus Summary—Summary Consolidated Financial Data,” “Selected Consolidated Financial Data” and our consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including but not limited to those described in the “Risk Factors” section of this prospectus. Actual results may differ materially from those contained in any forward-looking statements. You should read “Cautionary Note Regarding Forward-Looking Statements” and “Risk Factors” contained in this prospectus.

Overview

We are a multi-state cannabis operator currently holding licenses to operate in six states. Headquartered in Quincy, Florida, we are the market leader for quality medical cannabis products and services in Florida and aim to be the brand of choice for medical and adult-use customers in all of the markets that we serve. All of the states in which we operate have adopted legislation to permit the use of cannabis products for medicinal purposes to treat specific conditions and diseases, which we refer to as medical cannabis. Recreational marijuana, or adult-use cannabis, is legal marijuana sold in licensed dispensaries to adults ages 21 and older. Thus far, of the states in which we operate, only California and Massachusetts have adopted legislation permitting commercialization of adult-use cannabis products.

As of December 31, 2020, we employed nearly 5,000 people (increased to nearly 5,500 people as of March 16, 2021), and we are committed to providing patients, which we refer to herein as “patients” or “customers,” a consistent and welcoming retail experience across Trulieve branded stores. In the fourth quarter of 2020, our customer retention rate was 72% and active patients visited 2.8 times per month with an average purchase amount of \$112 per visit. In addition, in 2020 our average sales per square foot of dispensary space was \$3,163 across our 75 dispensaries, our same store sales increased 21% in the 22 stores open for all of 2019 and 2020, our average annual patient spend was approximately \$3,900 and our no ask return policy generated less than 1% on returns. We have eight material subsidiaries: Trulieve, Inc., or Trulieve US, Leef Industries, LLC, or Leef Industries, Life Essence, Inc., or Life Essence, Trulieve Holdings, Inc., or Trulieve Holdings, and Trulieve Bristol, Inc. (formerly The Healing Corner, Inc. and referred to herein as “Healing Corner”), PurePenn LLC, Keystone Relief Centers, LLC (which we refer to as “Solevo Wellness”), and Trulieve WV, Inc., or Trulieve WV. Each of Trulieve US, Leef Industries, Life Essence, Trulieve Holdings, Healing Corner, PurePenn LLC, Solevo Wellness and Trulieve WV is wholly owned (directly or indirectly) by Trulieve Cannabis Corp. As of March 16, 2021, we operated 83 dispensaries, with 78 dispensaries in Florida, 3 dispensaries in Pennsylvania, 1 dispensary in California and 1 dispensary in Connecticut. As of December 31, 2020, substantially all of our revenue was generated from the sale of medical cannabis products in the State of Florida. To date, neither the sale of adult-use cannabis products, nor our operations in Massachusetts, California, Connecticut, Pennsylvania and West Virginia, have been material to our business.

Florida

Trulieve US is a vertically integrated “seed to sale” cannabis company and is the largest licensed medical marijuana company in the State of Florida. As of December 31, 2020, publicly available reports filed with the Florida Office of Medical Marijuana Use show Trulieve US to have the most dispensing locations and the greatest dispensing volume across product categories out of all licensed medical marijuana businesses in the state. Trulieve US cultivates and produces all of its products in-house and distributes those products to patients in Trulieve branded stores (dispensaries) throughout the State of Florida, as well as directly to patients via home delivery. Our experience in the vertically integrated Florida market has given us the ability to scale and penetrate in all necessary business segments (cultivation, production, sales and distribution). Trulieve US has the experience necessary to increase market leadership in Florida and employ that expertise effectively in other regulated markets.

As of December 31, 2020, Trulieve US operated over 1,900,808 square feet of cultivation facilities across five sites. In accordance with Florida law, Trulieve US grows in secure enclosed indoor facilities and greenhouse structures. In 2019, we acquired approximately 85 acres in Jefferson County, Florida, which has received local approvals for construction and development of state of the art indoor growing facilities totaling approximately one million square feet. A number of 24,000 square foot facilities are currently operational and a new 337,000 square foot facility is expected to become operational in 2021.

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 a Final Adult Use Marijuana Retailer License for an adult-use dispensary in Northampton and a Final Medical Marijuana Treatment Center License for medical marijuana cultivation and processing in Holyoke and an affiliated dispensing location in Northampton. Life Essence also holds Provisional Licenses for Adult Use cultivation and processing at the same facility in Holyoke, and provisional certificates of registration for medical marijuana dispensaries in Holyoke and Cambridge. Life Essence has received clearance to admit plant stock to the Holyoke facility and pending completion of adult-use licensure inspections, expects to receive final adult-use cultivation and processing licenses. The completion of these licensing processes will allow Life Essence to capitalize on its investment in infrastructure and engage in vertically integrated operations in both adult-use and medical markets in Massachusetts. We began planting in March 2021 and our first Massachusetts dispensary is expected to open in the second quarter of 2021, with wholesale sales expected to commence in the second half of 2021. Our 140,000 square foot facility in Holyoke will support over 60,000 square feet of canopy, 18,000 square feet of production and three medical, three adult use or three co-located dispensaries.

In October 2020, Life Essence entered into an asset purchase agreement with 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. In December 2020, Life Essence entered into an asset purchase agreement with Nature's Remedy and Sammartino Investments, LLC pursuant to which Life Essence agreed to purchase certain assets of Nature's Remedy including a Final Marijuana Retailer License from the Cannabis Control Commission, assignment of a long-term lease for real property in Worcester, Massachusetts for use as a marijuana retailer, and necessary municipal entitlements to operate as a marijuana retailer at the property. We expect the closing of both transactions to occur promptly following receipt of applicable state and local regulatory approvals.

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. Leef Industries is in the process of Trulieve rebranding and alignment with corporate operational standards, which we believe will increase consumer appeal and operational efficiency. The dispensary helps us stay abreast of trends on the west coast and in a robust and innovative cannabis market distinguished by local competition between diverse and numerous operators.

Connecticut

Healing Corner is a licensed pharmacist-managed medical cannabis dispensary located in Bristol, Connecticut. Healing Corner was founded in 2014 and provides a range of medical marijuana products produced

by high quality licensed suppliers. At the dispensary, a licensed pharmacist and trained staff provide on-site counseling and education to patients. Patients may reserve their medical marijuana order through Healing Corner's innovative Canna-Fill online system. As of December 31, 2020, Healing Corner served approximately 10% of Connecticut's medical marijuana patient population.

Pennsylvania

On November 12, 2020, we completed the acquisition of 100% of the membership interests of: (i) PurePenn LLC and Pioneer Leasing & Consulting LLC, which we refer to collectively as PurePenn, and (ii) Keystone Relief Centers, LLC, which does business as and we refer to herein as Solevo Wellness. PurePenn operates marijuana cultivation and manufacturing facilities in the Pittsburgh, Pennsylvania area and currently wholesales the PurePenn and Moxie brands to 100% of the 103 operating dispensaries in Pennsylvania. As of December 31, 2020, PurePenn has 35,000 square feet of cultivation space. Solevo Wellness operates three medical marijuana dispensaries with approximately 16,000 square feet of retail space, each with six points of sale, in the Pittsburgh, Pennsylvania area.

West Virginia

On November 13, 2020, Trulieve WV was awarded a processor permit by the West Virginia Office of Medical Cannabis. On January 29, 2021, Trulieve WV was notified that it has been awarded four dispensary permits by the West Virginia Office of Medical Cannabis. 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. We are actively working to begin operations as soon as reasonably practicable, which will vary by location depending on permitting and construction timelines.

Recent Developments

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 in exchange for 258,383 Subordinate Voting Shares, of which 10,881 are subject to a holdback for six months as security for any indemnity claims by us under the asset 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.

On November 12, 2020, we completed the acquisition of 100% of the membership interests of PurePenn and Solevo Wellness, expanding our operations into the Commonwealth of Pennsylvania. Pursuant to the terms of the PurePenn acquisition agreements, we acquired PurePenn for an upfront payment of \$46.0 million, comprised of 1,298,964 Subordinate Voting Shares and \$19.0 million in cash, plus a potential earnout payment of up to an additional 2,405,488 Subordinate Voting Shares based on the achievement of certain agreed EBITDA milestones. Pursuant to the terms of the Solevo Wellness acquisition agreement, we acquired Solevo Wellness for an upfront purchase price of \$20.0 million, comprised of 481,097 Subordinate Voting Shares and \$10.0 million in cash, plus a potential earn-out payment of up to an additional 721,647 Subordinate Voting Shares based on the achievement of certain agreed EBITDA milestones. The issuance of additional Subordinate Voting Shares in connection with the earnouts, if any, will have a dilutive impact on our existing shareholders.

On November 13, 2020, Trulieve WV was awarded a processor permit by the West Virginia Office of Medical Cannabis. On January 29, 2021, Trulieve WV was notified that it has been awarded four dispensary permits by the West Virginia Office of Medical Cannabis. 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. We are actively working to begin operations as soon as reasonably practicable, which will vary by location depending on permitting and construction timelines.

In December 2020, Life Essence entered into an asset purchase agreement with Nature’s Remedy of Massachusetts, Inc., or Nature’s Remedy, and Sammartino Investments, LLC pursuant to which Life Essence agreed to purchase certain assets of Nature’s Remedy including a Final Marijuana Retailer License from the Cannabis Control Commission, assignment of a long-term lease for real property in Worcester, Massachusetts for use as a marijuana retailer, and necessary municipal entitlements to operate as a marijuana retailer at the property in exchange for \$7.0 million in cash and 237,881 Subordinate Voting Shares, of which 23,788 are subject to a holdback for twelve months as security for any indemnity claims by us under the asset 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.

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 April 2, 2021, we entered into a definitive agreement pursuant to which we agreed to acquire 100% of the membership interests of Anna Holdings LLC and its wholly owned subsidiary, Chamounix Ventures, LLC, which we refer to collectively as Keystone Shops. Trulieve has agreed to acquire Keystone Shops for \$60.0 million, comprised of \$40.0 million in Subordinate Voting Shares and \$20.0 million in cash, subject to adjustment as described in the definitive agreement. Keystone Shops holds a dispensary license and operates dispensaries in Philadelphia, Devon, and King of Prussia, Pennsylvania. The Subordinate Voting Shares to be issued at closing will be subject to a lockup period of up to 18 months. The transaction is subject to customary closing conditions and regulatory approvals and is expected to close during the second quarter of 2021.

Management’s Use of Non-GAAP Measures

Our management uses financial measures that are not in accordance with generally accepted accounting principles in the United States, or GAAP, in addition to financial measures in accordance with GAAP to evaluate our operating results. These non-GAAP financial measures should be considered supplemental to, and not a substitute for, our reported financial results prepared in accordance with GAAP. Adjusted EBITDA is a financial measure that is not defined under GAAP. Our management uses this non-GAAP financial measure and believes it enhances an investor’s understanding of our financial and operating performance from period to period because it excludes certain material non-cash items and certain other adjustments management believes are not reflective of our ongoing operations and performance. Adjusted EBITDA excludes from net income as reported interest, share-based compensation, tax, depreciation, acquisition and transaction costs, fair value step-up of inventory from acquisitions, non-cash expenses and other income. Trulieve reports adjusted EBITDA to help investors assess the operating performance of the Corporation’s business. The financial measures noted above are metrics that have been adjusted from the GAAP net income measure in an effort to provide readers with a normalized metric in making comparisons more meaningful across the cannabis industry, as well as to remove non-recurring, irregular and one-time items that may otherwise distort the GAAP net income measure.

As noted above, our Adjusted EBITDA is not prepared in accordance with GAAP, and should not be considered in isolation of, or as an alternative to, measures prepared in accordance with GAAP. There are a number of limitations related to the use of Adjusted EBITDA rather than net income, which is the most directly comparable financial measure calculated and presented in accordance with GAAP. Because of these limitations, we consider, and you should consider, Adjusted EBITDA together with other operating and financial

performance measures presented in accordance with GAAP. A reconciliation of Adjusted EBITDA from net income, the most directly comparable financial measure calculated in accordance with GAAP, has been included herein.

Components of Results of Operations

Revenue

We derive our revenue from cannabis products which we manufacture, sell and distribute to our customers by home delivery and in our dispensaries.

Gross Profit

Gross profit includes the costs directly attributable to product sales and includes amounts paid to produce finished goods, such as flower, and concentrates, as well as packaging and other supplies, fees for services and processing, allocated overhead which includes allocations of rent, administrative salaries, utilities, and related costs. Cannabis costs are affected by various state regulations that limit the sourcing and procurement of cannabis product, which may create fluctuations in margins over comparative periods as the regulatory environment changes.

Sales and Marketing

Sales and marketing expenses consist of marketing expenses related to marketing programs for our products. Personnel related costs related to additional dispensaries are the primary costs of sales and marketing. As we continue to expand and open additional dispensaries, we expect our sales and marketing expenses to continue to increase.

General and Administrative

General and administrative expenses represent costs incurred at our corporate offices, primarily related to personnel costs, including salaries, incentive compensation, benefits, and other professional service costs, including legal and accounting. We expect to continue to invest considerably in this area to support our expansion plans and to support the increasing complexity of the cannabis business. Furthermore, we expect to continue to incur acquisition and transaction costs related to our expansion plans, and we anticipate a significant increase in compensation expenses related to recruiting and hiring talent, accounting, and legal and professional fees associated with becoming compliant with the Sarbanes-Oxley Act and other public company corporate expenses.

Depreciation and Amortization

Depreciation expense is calculated on a straight-line basis using the estimated useful life of each asset. Estimated useful life is determined by asset class and is reviewed on an annual basis and revised if necessary. Amortization expense is amortized using the straight-line method over the estimated useful life of the intangible assets. Useful lives for intangible assets are determined by type of asset with the initial determination of useful life determined during the valuation of the business combination. On an annual basis, the useful lives of each intangible class of assets are evaluated for appropriateness and adjusted if appropriate.

Other Income (Expense), Net

Interest and other income (expense), net consist primarily of interest income, interest expense, and the impact of the revaluation of the debt warrants.

Provision for Income Taxes

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

As we operate in the cannabis industry, we are subject to the limits of IRC Section 280E under which we are only allowed to deduct expenses directly related to the cost of producing the products or cost of production.

Results of Operations

Year Ended December 31, 2020 Compared to Year Ended December 31, 2019

Revenue

| | Year Ended December 31, | | Change Increase / (Decrease) | |
|----------------------------|-------------------------------|-----------|---------------------------------|------|
| | 2020 | 2019 | \$ | % |
| | <i>(dollars in thousands)</i> | | | |
| Revenues, Net of Discounts | \$521,533 | \$252,819 | \$268,714 | 106% |

Revenue for the year ended December 31, 2020 was \$521.5 million, an increase of \$268.7 million, from \$252.8 million for the year ended December 31, 2019. Increase in revenue is the result of an increase in organic growth in retail sales due to an increase in products available for purchase and overall patient count. In addition, we opened 28 dispensaries in Florida for the year ended December 31, 2020, which increased retail sales year over year.

Cost of Goods Sold

| | Year Ended December 31, | | Change Increase / (Decrease) | |
|---------------------|-------------------------------|----------|---------------------------------|------|
| | 2020 | 2019 | \$ | % |
| | <i>(dollars in thousands)</i> | | | |
| Cost of Goods Sold | \$135,116 | \$60,982 | \$74,134 | 122% |
| % of Total Revenues | 26% | 24% | | |

Cost of goods sold for the year ended December 31, 2020 was \$135.1 million, an increase of \$74.1 million, from \$61.0 million for the year ended December 31, 2019, due to an increase in retail sales as a result of an increase in dispensaries and patient count. Cost of goods sold as a percentage of revenue increased from 24% for the year ended December 31, 2019 to 26% for the year ended December 31, 2020 due to our expansion into new markets, one-time costs associated with the SAP implementation, inventory flow-through and product mix.

Gross Profit

| | Year Ended December 31, | | Change Increase / (Decrease) | |
|---------------------|-------------------------------|-----------|---------------------------------|------|
| | 2020 | 2019 | \$ | % |
| | <i>(dollars in thousands)</i> | | | |
| Gross Profit | \$386,418 | \$191,837 | \$194,581 | 101% |
| % of Total Revenues | 74% | 76% | | |

Gross profit for the year ended December 31, 2020 was \$386.4 million, up \$194.6 million or 101% from \$191.8 million for the year ended December 31, 2019, as a result of an increase in retail sales due to an increase

in the number of dispensaries and patient count. Gross profit as a percentage of revenue decreased from 76% for the year ended December 31, 2019 to 74%, for the year ended December 31, 2020. This decrease is caused by an increase in depreciation related to capital expenditures in cultivation and processing to support business growth, expansion into new markets, one-time costs associated with the SAP implementation, inventory flow-through and product mix.

Sales and Marketing Expenses

| | Year Ended December 31, | | Change Increase / (Decrease) | |
|------------------------------------|-------------------------------|----------|---------------------------------|------|
| | 2020 | 2019 | \$ | % |
| | <i>(dollars in thousands)</i> | | | |
| Sales and Marketing Expenses | \$119,395 | \$59,349 | \$60,046 | 101% |
| % of Total Revenues | 23% | 23% | | |

Sales and marketing expense increased from \$59.3 million for the year ended December 31, 2019, to \$119.4 million for the year ended December 31, 2020, an increase of \$60.0 million. The increase in sales and marketing is the result of a higher head count for the year, as we continue to add additional dispensaries in efforts to maintain and further drive higher growth in sales and market share. This increased head count resulted in higher personnel costs, which is the primary driver for the increase year over year.

General and Administrative Expenses

| | Year Ended December 31, | | Change Increase / (Decrease) | |
|---|-------------------------------|----------|---------------------------------|------|
| | 2020 | 2019 | \$ | % |
| | <i>(dollars in thousands)</i> | | | |
| General and Administrative Expenses | \$36,056 | \$14,071 | \$21,985 | 156% |
| % of Total Revenues | 7% | 6% | | |

General and administrative expense for the year ended December 31, 2020 increased to \$36.1 million from \$14.1 million for the year ended December 31, 2019, an increase of \$22.0 million. The increase in general and administrative expense is the result of entering new markets and ramping our infrastructure to support growth initiatives and go-forward compliance.

Depreciation and Amortization Expenses

| | Year Ended December 31, | | Change Increase / (Decrease) | |
|--|-------------------------------|---------|---------------------------------|------|
| | 2020 | 2019 | \$ | % |
| | <i>(dollars in thousands)</i> | | | |
| Depreciation and Amortization Expenses | \$12,600 | \$5,079 | \$7,521 | 148% |
| % of Total Revenues | 2% | 2% | | |

Depreciation and amortization expenses for the year ended December 31, 2020 was \$12.6 million, up \$7.5 million, or 148%, from \$5.1 million for the year ended December 31, 2019. The overall increase in depreciation and amortization expenses was due to investment in infrastructure that resulted in more capitalized assets from the additional dispensaries. Furthermore, depreciation expense increased due to additional finance leases added.

Total Other Income (Expense), Net

| | Year Ended December 31, | | Change Increase / (Decrease) | |
|---|------------------------------------|-------------|---|----------|
| | 2020 | 2019 | \$ | % |
| | <i>(dollars in thousands)</i> | | | |
| Total Other Income (Expense), Net | \$(60,917) | \$(9,658) | \$(51,259) | 531% |
| % of Total Revenues | (12)% | (4)% | | |

Total other income (expense), net for the year ended December 31, 2020 was \$(60.9) million, an increase of \$51.3 million or 531%, from \$(9.7) million for the year ended December 31, 2019. The overall increase is the result of our revaluation of debt warrants impacted by the increases in our stock value which were originally denominated in Canadian dollars. The expense for the year ended December 31, 2020 was \$42.7 million compared to \$0.8 million for the year ended December 31, 2019.

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. As a result of this, the Public Warrant converted to equity and eliminated the necessity of revaluation expense in future periods. Additionally, interest expense increased as a result of the addition of finance leases to support business growth, for the year ended December 31, 2020.

Provision for Income Taxes

| | Year Ended December 31, | | Change Increase / (Decrease) | |
|--------------------------------------|------------------------------------|-------------|---|----------|
| | 2020 | 2019 | \$ | % |
| | <i>(dollars in thousands)</i> | | | |
| Provision for Income Taxes | \$94,451 | \$50,586 | \$43,865 | 87% |
| Effective Tax Rate | 60% | 49% | | |

Income tax expense for the year ended December 31, 2020 increased to \$94.5 million from \$50.6 million for the year ended December 31, 2019, an increase of \$43.9 million as a result of a \$194.6 million increase in gross profit for the same periods. Under IRC Section 280E, Cannabis Companies are only allowed to deduct expenses that are directly related to production of the products. The increase in income tax expense is due to the significant increase in gross profit as a result of the increase in retail sales partially offset by increase in production costs as a percentage of revenue.

Net Income

| | Year Ended December 31, | | Change Increase / (Decrease) | |
|---|------------------------------------|-------------|---|----------|
| | 2020 | 2019 | \$ | % |
| | <i>(dollars in thousands)</i> | | | |
| Net Income and Comprehensive Income | \$62,999 | \$53,094 | \$9,905 | 19% |

Net income for the year ended December 31, 2020 was \$63.0 million, an increase of \$9.9 million or 19%, from \$53.1 million for the year ended December 31, 2019. The increase in net income was driven primarily by an increase in retail sales as a result of opening twenty-eight additional dispensaries in Florida during the year ended December 31, 2020. This net increase to net income was offset by gross profit which was driven by increased depreciation related to capital expenditures in cultivation and processing, expansion into new markets, one-time costs associated with the SAP implementation, inventory flow-through and product mix. In addition, increases in

sales and marketing and general and administrative expenses such as personnel costs, dispensary expenses, depreciation, interest expense, costs of entering new markets, ramping infrastructure and go-forward compliance, all contributed to the offset in net income. Income taxes also significantly increased period over period due to higher profit. Lastly, other expense increased as a result of the revaluation of our debt warrants for the year ended December 31, 2020

Adjusted EBITDA

| | Year Ended December 31, | | Change Increase / (Decrease) | |
|-----------------------|-------------------------------|-----------|---------------------------------|-----|
| | 2020 | 2019 | \$ | % |
| | <i>(dollars in thousands)</i> | | | |
| Adjusted EBITDA | \$250,952 | \$126,409 | \$124,543 | 99% |

Adjusted EBITDA for the year ended December 31, 2020, was \$251.0 million, an increase of \$124.5 million or 99%, from \$126.4 million for the year ended December 31, 2019. The following table presents a reconciliation of GAAP net income (loss) to non-GAAP Adjusted EBITDA, for each of the periods presented:

| | Year Ended December 31, | |
|---|-------------------------------|------------------|
| | 2020 | 2019 |
| | <i>(dollars in thousands)</i> | |
| Net Income and Comprehensive Income | \$ 62,999 | \$ 53,094 |
| Add (Deduct) Impact of: | | |
| Depreciation and Amortization | 12,600 | 5,079 |
| Depreciation included in Cost of Goods Sold | 11,542 | 7,992 |
| Interest Expense, Net | 20,237 | 9,050 |
| Provision for Income Taxes | 94,451 | 50,586 |
| EBITDA | 201,829 | 125,802 |
| Share-Based Compensation | 2,765 | — |
| Other Expense (Income), Net | 40,680 | 607 |
| Acquisition and Transaction Costs | 4,724 | — |
| Inventory Step up, Fair value | 955 | — |
| Total Adjustment | \$187,953 | \$ 73,314 |
| Adjusted EBITDA | \$250,952 | \$126,409 |

Year Ended December 31, 2019 Compared to Year Ended December 31, 2018

Revenue, Net of Discounts

| | Year Ended December 31, | | Change Increase / (Decrease) | |
|----------------------------------|-------------------------------|-----------|---------------------------------|------|
| | 2019 | 2018 | \$ | % |
| | <i>(dollars in thousands)</i> | | | |
| Revenues, Net of Discounts | \$252,819 | \$102,817 | \$150,002 | 146% |

Revenue for the year ended December 31, 2019 was \$252.8 million, an increase of \$150.0 million, from \$102.8 million for the year ended December 31, 2018. Increase in revenue is the result of an increase in our organic growth in retail sales due to the increase in products available for purchase and overall patient count. In addition, we opened 20 additional dispensaries for the year ended December 31, 2019, which increased retail sales year over year.

Cost of Goods Sold

| | Year Ended December 31, | | Change Increase / (Decrease) | |
|---------------------------|-------------------------------|----------|---------------------------------|------|
| | 2019 | 2018 | \$ | % |
| | <i>(dollars in thousands)</i> | | | |
| Cost of Goods Sold | \$60,982 | \$22,385 | \$38,596 | 172% |
| % of Total Revenues | 24% | 22% | | |

Cost of goods sold for the year ended December 31, 2019 was \$61.0 million, an increase of \$38.6 million, from \$22.4 million for the year ended December 31, 2018 due to increased retail sales as a result of our increase in dispensaries and patient count. Our cost of goods sold as a percentage of revenue increased from 22% for the year ended December 31, 2018 to 24% for the year ended December 31, 2019 due to the change in product mix as we introduced additional products during this period that had higher production costs.

Gross Profit

| | Year Ended December 31, | | Change Increase / (Decrease) | |
|---------------------------|-------------------------------|----------|---------------------------------|------|
| | 2019 | 2018 | \$ | % |
| | <i>(dollars in thousands)</i> | | | |
| Gross Profit | \$191,837 | \$80,431 | \$111,406 | 139% |
| % of Total Revenues | 76% | 78% | | |

Gross profit for the year ended December 31, 2019 was \$191.8 million, an increase of \$111.4 million, from \$80.4 million for the year ended December 31, 2018. Gross profit as a percentage of revenue decreased from 78% for 2018 compared to 76% for 2019. Our increase of \$111.4 million period over period is the result of the increase in retail sales due to the increase in our number of dispensaries and patient count. Our decrease in gross profit percentage is the result of adding additional products with higher production costs during the same period.

Sales and Marketing Expenses

| | Year Ended December 31, | | Change Increase / (Decrease) | |
|------------------------------------|-------------------------------|----------|---------------------------------|------|
| | 2019 | 2018 | \$ | % |
| | <i>(dollars in thousands)</i> | | | |
| Sales and Marketing Expenses | \$59,349 | \$25,050 | \$34,299 | 137% |
| % of Total Revenues | 23% | 24% | | |

Sales and marketing expense increased from \$25.1 million for the year ended December 31, 2018, to \$59.3 million for the year ended December 31, 2019, an increase of \$34.3 million. The increase in sales and marketing is the result of higher head count for the year ended December 31, 2019 as compared to the year ended December 31, 2018 as we continue to build our sales team to maintain and further drive higher growth in sales and market share. The increased head count resulted in higher personnel costs, which is the driver for the increase in sales and marketing year over year.

General and Administrative Expenses

| | Year Ended December 31, | | Change Increase / (Decrease) | |
|---|-------------------------------|----------|---------------------------------|-------|
| | 2019 | 2018 | \$ | % |
| | <i>(dollars in thousands)</i> | | | |
| General and Administrative Expenses | \$14,071 | \$19,156 | \$(5,085) | (27%) |
| % of Total Revenues | 6% | 19% | | |

General and administrative expense for the year ended December 31, 2019 decreased to \$14.1 million from \$19.2 million for the year ended December 31, 2018, a decrease of \$5.1 million. The decrease in general and administrative expense is the result of recording in 2018 the remaining stock compensation of \$15.0 million related to founders' warrants. This decrease in expense for the year ended December 31, 2019 is offset by an increase in infrastructure expenses to support our continued business growth.

Depreciation and Amortization Expenses

| | Year Ended December 31, | | Change Increase / (Decrease) | |
|--|-------------------------------|---------|---------------------------------|------|
| | 2019 | 2018 | \$ | % |
| | <i>(dollars in thousands)</i> | | | |
| Depreciation and Amortization Expenses | \$5,079 | \$1,138 | \$3,941 | 346% |
| % of Total Revenues | 2% | 1% | | |

Depreciation and amortization expenses for the year ended December 31, 2019 was \$5.1 million, up \$3.9 million, or 346% from \$1.1 million for the year ended December 31, 2018. The overall increase in depreciation and amortization expenses was due to investment in infrastructure that resulted in more capitalized assets from the additional dispensaries and cultivation space. Additionally, we implemented Accounting Standards Codification, or ASC 842, *Leases* in 2019 and as a result there was additional amortization from finance leases.

Total Other Income (Expense), Net

| | Year Ended December 31, | | Change Increase / (Decrease) | |
|---|-------------------------------|-----------|---------------------------------|------|
| | 2019 | 2018 | \$ | % |
| | <i>(dollars in thousands)</i> | | | |
| Total Other Income (Expense), Net | \$(9,658) | \$(2,044) | \$(7,614) | 373% |
| % of Total Revenues | (4)% | (2)% | | |

Total other income (expense), net for the year ended December 31, 2019 was \$(9.7) million, an increase of \$(7.6) million or 373%, from \$(2.0) million for the year ended December 31, 2018. The increase is the result of interest expenses related to the June and November Notes and the addition of finance leases in accordance with the new lease accounting standard effective for the year ended December 31, 2019.

Provision for Income Taxes

| | Year Ended December 31, | | Change Increase / (Decrease) | |
|----------------------------------|-------------------------------|----------|---------------------------------|------|
| | 2019 | 2018 | \$ | % |
| | <i>(dollars in thousands)</i> | | | |
| Provision for Income Taxes | \$50,586 | \$22,151 | \$28,435 | 128% |
| Effective Tax Rate | 49% | 67% | | |

Income tax expense for the year ended December 31, 2019 increased to \$50.6 million from \$22.2 million for the year ended December 31, 2018, an increase of \$28.4 million as a result of a \$111.4 million increase in gross profit for the same periods. Under IRC Section 280E, cannabis companies are only allowed to deduct expenses that are directly related to production of the products. The increase in income tax expense is due to the significant increase in gross profit as a result of the increase in retail sales partially offset by increase in production costs as a percentage of revenue due to the introduction of products with higher production costs.

Net Income and Comprehensive Income

| | Year Ended December 31, | | Change Increase / (Decrease) | |
|---|-------------------------------|----------|---------------------------------|------|
| | 2019 | 2018 | \$ | % |
| | <i>(dollars in thousands)</i> | | | |
| Net Income and Comprehensive Income | \$53,094 | \$10,893 | \$42,202 | 387% |

Net income for the year ended December 31, 2019 was \$53.1 million, an increase of \$42.2 million, or 387%, from \$10.9 million for the year ended December 31, 2018. The increase in net income was driven by the increase in retail sales as a result of opening twenty additional dispensaries during the year ended December 31, 2019. Gross profit as a percentage of revenue decreased period over period due to the introduction of new products with higher production costs. This net increase to net income was offset by the net increase in sales and marketing and general and administrative expenses related to the increase in personnel costs and increases in dispensary expense such as insurance, depreciation and interest expense costs. In addition, due to the implementation of the new accounting standard for leases, additional depreciation and interest expense was recorded period over period due to the additional leases completed for the new dispensaries. Income taxes also increased significantly period over period due to the higher margins realized due to the increase in revenue and efficiencies in production offset by production mix.

Liquidity and Capital Resources

Sources of Liquidity

Since our inception, we have funded our operations and capital spending through cash flows from product sales, loans from affiliates and entities controlled by our affiliates, third-party debt and proceeds from the sale of our capital stock. We are generating cash from sales and are deploying our capital reserves to acquire and develop assets capable of producing additional revenues and earnings over both the immediate and near term to support our business growth and expansion. Our current, principal sources of liquidity are our cash and cash equivalents provided by our operations and debt and equity offerings. Cash and cash equivalents consist primarily of cash on deposit with banks and money market funds. Cash and cash equivalents were \$146.7 million and \$91.8 million as of December 31, 2020 and 2019, respectively.

We believe our existing cash balances will be sufficient to meet our anticipated cash requirements from the report issuance date through at least the next 12 months.

Our primary uses of cash are for working capital requirements, capital expenditures and debt service payments. Additionally, from time to time, we may use capital for acquisitions and other investing and financing activities. Working capital is used principally for our personnel as well as costs related to the growth, manufacture and production of our products. Our capital expenditures consist primarily of additional facilities and dispensaries, improvements in existing facilities and product development.

To the extent additional funds are necessary to meet our long-term liquidity needs as we continue to execute our business strategy, we anticipate that they will be obtained through incurrence of additional indebtedness, additional equity financings or a combination of these potential sources of funds. There can be no assurance that

we will be able to obtain additional funds on terms acceptable to us, on a timely basis or at all. The failure to obtain sufficient funds on acceptable terms when needed could have a material adverse effect on the results of operations, and financial condition.

The following table presents our cash and outstanding debt as of the dates indicated:

| | <u>Year Ended December 31, 2020</u> | <u>Year Ended December 31, 2019</u> |
|--|---|---|
| Cash and Cash Equivalents | \$146,713 | \$ 91,813 |
| Outstanding Debt: | | |
| Notes Payable | 6,000 | 6,000 |
| Notes Payable - Related Party | 12,011 | 12,903 |
| Other Long-Term Liabilities | 130,000 | 130,000 |
| Warrant Liability | — | 9,892 |
| Operating Lease Liability | 29,604 | 23,143 |
| Finance Lease Liability | 38,935 | 19,440 |
| Construction Finance Liability | \$ 82,047 | \$ 22,956 |

Cash Flows

The table below highlights our cash flows for the periods indicated.

| | <u>Year Ended December 31,</u> | | |
|--|--------------------------------|-------------|-------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
| | <i>(dollars in thousands)</i> | | |
| Net Cash Provided by Operating Activities | \$ 99,643 | \$ 19,073 | \$ 23,517 |
| Net Cash Used in Investing Activities | (174,654) | (94,673) | (51,055) |
| Net Cash Provided by Financing Activities | 129,911 | 142,982 | 50,561 |
| Net Increase in Cash and Cash Equivalents | 54,900 | 67,383 | 23,023 |
| Cash and Cash Equivalents, Beginning of Year | 91,813 | 24,430 | 1,407 |
| Cash and Cash Equivalents, End of Year | \$ 146,713 | \$ 91,813 | \$ 24,430 |

Cash Flow from Operating Activities

Net cash provided by operating activities was \$99.6 million for the year ended December 31, 2020, an increase of \$80.6 million, compared to \$19.1 million net cash provided by operating activities during the year ended December 31, 2019. This is primarily due to organic growth of our business partially offset by net working capital including inventory, as we ramp the business to support the growth.

Net cash provided by operating activities was \$19.1 million for the year ended December 31, 2019, a decrease of \$4.4 million, compared to \$23.5 million net cash provided by operating activities during the year ended December 31, 2018. This is primarily due to the impact of changes in inventory and accounts payable and accrued liabilities related to our growth and expanded product mix, partially offset by our increase in net income as a result of the increase in dispensaries and organic growth as a result of increase in patient count.

Cash Flow from Investing Activities

Net cash used in investing activities was \$174.7 million for the year ended December 31, 2020, an increase of \$80.0 million, compared to the \$94.7 million net cash used in investing activities for the year ended December 31, 2019. The increase is due to the Pennsylvania acquisition in 2020 and the increase of property and equipment purchases for the construction of additional dispensaries and continued expansion of our cultivation and processing facilities during the year ended December 31, 2020.

Net cash used in investing activities was \$94.7 million for the year ended December 31, 2019, an increase of \$43.6 million, compared to the \$51.1 million net cash used in investing activities for the year ended December 31, 2018. The increase is due to the additional dispensaries and the construction and automation of our cultivation and processing facilities during the year ended December 31, 2019. In addition, we acquired Healing Corner during the year ended December 31, 2019.

Cash Flow from Financing Activities

Net cash provided by financing activities was \$129.9 million for the year ended December 31, 2020, a decrease of \$13.1 million, compared to the \$143.0 million net cash provided by financing activities for the year ended December 31, 2019. The decrease was primarily related to \$83.2 million of proceeds for the issuance of shares offering that occurred for the year ended December 31, 2020. The decrease was partially offset by the \$122.2 million in net proceeds received from the debt issuance in 2019.

Net cash provided by financing activities was \$143.0 million for the year ended December 31, 2019, an increase of \$92.4 million, compared to the \$50.6 million net cash provided by financing activities for the year ended December 31, 2018. The increase was primarily related to the \$122.2 million net proceeds received from our recent debt issuance compared to the \$47.5 million net proceeds raised with the subscription receipt offering in 2018. An additional increase as a result of the proceeds from the construction finance liability related to transactions for properties located in Massachusetts and Florida.

Funding Sources

Finance Liability, “June Warrants” and “November Warrants”

On June 18, 2019, we completed an offering using our Canadian prospectus of 70,000 units (the “June Units”), comprised of an aggregate principal amount of US\$70.0 million of 9.75% senior secured notes maturing in 2024 (the “June Notes”) and an aggregate amount of 1,470,000 subordinate voting share warrants (each individual warrant being a “June Warrant”) at a price of US\$980 per June Unit for a gross proceeds of US\$68.6 million. Each June Unit was comprised of one June Note issued in denominations of \$1,000 and 21 June Warrants.

On November 7, 2019, we completed an offering using our Canadian prospectus of 60,000 units (the “November Units”), comprised of an aggregate principal amount of US\$60.0 million of 9.75% senior secured notes maturing in 2024 (the “November Notes”) and an aggregate amount of 1,560,000 subordinate voting share warrants (each individual warrant being a “November Warrant”) at a price of US\$980 per November Unit for a gross proceeds of US\$61.1 million. Each November Unit was comprised of one November Note issued in denominations of \$1,000 and 26 November Warrants.

Promissory Notes

On April 10, 2017, we entered into an unsecured promissory note with a 12% annual interest rate, which was amended in January 2019 to extend the maturity by three years to 2022, with a balance as of December 31, 2019 of \$4.0 million. On December 17, 2017, we entered into a promissory note dated December 7, 2017, with a 12% annual interest rate and a balance as of December 31, 2019 of \$2.0 million. Each promissory note is due in 2021.

Related Party Promissory Notes

In February 2019, we entered into a 24-month unsecured loan with an 8% annual interest rate with Benjamin Atkins, a former director and shareholder of Trulieve for \$257,337. In March 2018, the Company entered into a 24-month unsecured loan with an 8% annual interest rate with Benjamin Atkins, a former director

and shareholder for \$158,900. In June 2018, the Company entered into a 24-month unsecured loan with an 8% annual interest rate with Benjamin Atkins, a former director and shareholder for \$262,010. In November 2018, the Company entered into two separate 24-month unsecured loans each with an 8% annual interest rate with a former director and shareholder for a total of \$474,864.

In May 2018, the Company entered into two separate unsecured promissory notes (the “Traunch Four Note” and the “Rivers Note”) for a total of \$12.0 million. The Traunch Four Note is held by Traunch Four, LLC, an entity whose direct and indirect owners include Kim Rivers, the Chief Executive Officer and Chair of the Board, as well as Thad Beshears, Richard May, George Hackney, all of whom are directors of Trulieve, and certain of Richard May’s family members. The Rivers Note is held by Kim Rivers. Each promissory note has a 24-month maturity and 12% annual interest rate. The two unsecured promissory notes were amended in December 2019 to extend the maturity one year to May 2021, all other terms remain unchanged.

Balance Sheet Exposure

At December 31, 2020 and 2019, 100% of our balance sheet is exposed to U.S. cannabis-related activities. We believe our operations are in material compliance with all applicable state and local laws, regulations and licensing requirements in the states in which we operate. However, cannabis remains illegal under U.S. federal law. Substantially all our revenue is derived from U.S. cannabis operations. For information about risks related to U.S. cannabis operations, please refer to “Risk Factors” in this prospectus.

Contractual Obligations

At December 31, 2020, we had the following contractual obligations to make future payments, representing contracts and other commitments that are known and committed:

| | <u><1 Year</u> | <u>1 to 3 Years</u> | <u>3 to 5 Years</u> | <u>>5 Years</u> | <u>Total</u> |
|--|-------------------------------|---------------------|---------------------|--------------------|--------------|
| | <i>(dollars in thousands)</i> | | | | |
| Accounts Payable and Accrued Liabilities | \$41,902 | \$ — | \$ — | \$ — | \$ 41,902 |
| Notes Payable | 2,000 | 4,000 | — | — | 6,000 |
| Notes Payable - Related Party | 12,011 | — | — | — | 12,011 |
| Other Long-Term Liabilities | — | — | 130,000 | — | 130,000 |
| Operating Lease Liability | 5,480 | 10,681 | 9,764 | 14,225 | 40,150 |
| Finance Lease Liability | 6,964 | 12,899 | 11,375 | 24,669 | 55,907 |
| Construction Finance Liability | \$ — | \$ — | \$ 61,071 | \$20,977 | \$ 82,047 |

Critical accounting policies and estimates

Critical accounting estimates

The preparation of the consolidated financial statements in conformity with GAAP requires management to make judgments, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates, revisions to accounting estimates are recognized in the period in which the estimate is revised.

Significant judgments, estimates, and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below

Estimated Useful Lives and Depreciation and Amortization of Property and Equipment and Intangible Assets

Depreciation and amortization of property and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Accounting for acquisitions and business combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired and consideration paid are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

Inventories

The net realizable value of inventories represents the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. The determination of net realizable value requires significant judgment, including consideration of factors such as shrinkage, the aging of and future demand for inventory, expected future selling price, what we expect to realize by selling the inventory and the contractual arrangements with customers. Reserves for excess and obsolete inventory are based upon quantities on hand, projected volumes from demand forecasts and net realizable value. The estimates are judgmental in nature and are made at a point in time, using available information, expected business plans and expected market conditions. As a result, the actual amount received on sale could differ from the estimated value of inventory. Periodic reviews are performed on the inventory balance. The impact of changes in inventory reserves is reflected in cost of goods sold.

Goodwill Impairment

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill has been impaired. In order to determine if the value of goodwill may have been impaired, we perform a qualitative assessment to determine if it was more-likely-than-not that the reporting unit's carrying value is less than the fair value, indicating the potential for goodwill impairment. When applying this valuation technique, we rely on a number of factors, including historical results, business plans, forecasts and market data. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

Share-based payment arrangements

We use the Black-Scholes pricing model to determine the fair value of warrants granted to employees and directors under share-based payment arrangements, where appropriate. In estimating fair value, management is required to make certain assumptions and estimates such as the expected life of units, volatility of future share price, risk free rates, and future dividend yields at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

Critical accounting policies

Inventory

Our inventories primarily consist of raw materials, internally-produced work in process, and finished goods and packaging materials. Costs incurred during the growing and production process are capitalized as incurred to the extent that cost is less than net realizable value. The costs include materials, labor and manufacturing overhead used in the growing and production processes. Pre-harvest costs are capitalized. Our inventory of purchased finished goods and packing materials are initially valued at cost and subsequently at the lower of cost and net realizable value.

Leases

ASC Topic 842 is a standard that requires lessees to increase transparency and comparability among organizations by requiring the recognition of Right of Use Assets “ROU” assets and lease liabilities on the balance sheet. The requirements of this standard include a significant increase in required disclosures to meet the objectives of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The new standard was effective beginning January 1, 2019 and the standard was adopted using the modified retrospective transition approach, which allows us to recognize a cumulative effect adjustment to the opening balance of accumulated deficit in the period of adoption rather than restate comparative prior year periods.

Revenue Recognition

We recognize revenue in accordance with ASU 2014-09, Revenue from Contracts with Customers (Topic 606). Through our application of the standard, we recognize revenue to depict the transfer of promised goods to our customers in an amount that reflects the consideration of which we expect to be entitled to in exchange for those goods. We contract with our customers for the sale of dried cannabis, cannabis oil and other cannabis related products that consist of multiple performance obligations. Revenue from the direct sale of cannabis to customers for a fixed price is recognized when we transfer control of the goods to the customer at the point of sale and the customer has paid for the goods.

Stock Based Compensation

We account for stock-based compensation expense in accordance with FASB ASC 718 Compensation – Stock Compensation, which requires the measurement and recognition of stock-based compensation expense based on estimated fair values, for all stock based payment awards made to employees. We measure the stock-based payment awards based on its estimated fair value of the awards using the Black-Scholes option pricing model, and the fair value of the Company’s common stock on the date of grant, for the warrants and options.

Off-Balance Sheet Arrangements

As of the date of this filing, we do not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of, including, and without limitation, such considerations as liquidity and capital resources.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

Strategic and operational risks arise if we fail to carry out business operations and/or to raise sufficient equity and/or debt financing. These strategic opportunities or threats arise from a range of factors that might include changing economic and political circumstances and regulatory approvals and competitor actions. The risk is mitigated by consideration of other potential development opportunities and challenges which management may undertake.

Currency Risk

Our operating results and financial position are reported in U.S. dollars. Some of our financial transactions are denominated in currencies other than the U.S. dollar. The results of operations are subject to currency transaction risks.

We have no hedging agreements in place with respect to foreign exchange rates. We have not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Credit Risk

Management does not believe that the Company has credit risk related to its customers, as the Company's revenue is generated primarily through cash transactions. The Company deals almost entirely with on demand sales and does not have any material wholesale agreements as of December 31, 2020. Concentrations of credit risk with respect to our cash and cash equivalents are limited primarily to amounts held with financial institutions.

Liquidity Risk

Liquidity risk is the risk that we will not be able to meet its financial obligations associated with financial liabilities. We manage liquidity risk through the management of its capital structure. Our approach to managing liquidity is to ensure that we will have sufficient liquidity to settle obligations and liabilities when due.

Asset forfeiture risk

Because the cannabis industry remains illegal under U.S. 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.

Interest Rate Risk

Interest rate risk is the risk that the fair value or the future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. Interest rates have a direct impact on the valuation of our debt warrants whose value is calculated by using the Black-Scholes method for fair value calculation, for which interest rates are a key assumption used in the Black-Scholes valuation model.

Concentration Risk

Our operations are substantially located in Florida. Should economic conditions deteriorate within that region, our results of operations and financial position would be negatively impacted.

Banking Risk

Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the businesses of Trulieve, its subsidiaries and investee companies, and leaves their cash holdings vulnerable. We have banking relationships in all jurisdictions in which we operate.

Financial Instruments and Financial Risk Management

We are exposed in varying degrees to a variety of financial instrument related risks. The board of directors of Trulieve mitigate these risks by assessing, monitoring and approving the risk management processes.

Our financial instruments are carried at fair value and consist of money market fund and warrant liability. Our financial instruments where carrying value approximates the fair value 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. The three levels of hierarchy are:

- Level 1: Observable inputs based on unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in active markets, that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for which there is little or no market data requiring the Company to develop its own assumptions.

BUSINESS

Overview

Trulieve is a multi-state cannabis operator which currently holds licenses to operate in six states. Headquartered in Quincy, Florida, we are the market leader for quality medical cannabis products and services in Florida and aim to be the brand of choice for medical and adult-use customers in all of the markets that we serve. We operate in highly regulated markets that require expertise in cultivation, manufacturing, retail and logistics. We have developed proficiencies in each of these functions and are committed to utilizing predictive analytics to stay abreast of market trends, consumer demographics and evolving demand.

All of the states in which we operate have adopted legislation to permit the use of cannabis products for medicinal purposes to treat specific conditions and diseases, which we refer to as medical cannabis. Recreational marijuana, or adult-use cannabis, is legal marijuana sold in licensed dispensaries to adults ages 21 and older. Thus far, of the states in which we operate, only California and Massachusetts have adopted legislation permitting the commercialization of adult-use cannabis products. As of December 31, 2020, we employed nearly 5,000 people (increased to nearly 5,500 people as of March 16, 2021) and we are committed to providing patients and adult consumers, which we refer to herein as “patients” or “customers,” a consistent and welcoming retail experience across Trulieve branded stores. In the fourth quarter of 2020, our customer retention rate was 72% and active patients visited 2.8 times per month with an average purchase amount of \$112 per visit. In addition, in 2020 our average sales per square foot of dispensary space was \$3,163 across our 75 dispensaries, our same store sales increased 21% in the 22 stores open for all of 2019 and 2020, our average annual patient spend was approximately \$3,900 and our no ask return policy generated less than 1% on returns. We have eight material subsidiaries: Trulieve, Inc., or Trulieve US, Leef Industries, LLC, or Leef Industries, Life Essence, Inc., or Life Essence, Trulieve Holdings, Inc., or Trulieve Holdings, Trulieve Bristol, Inc. (formerly The Healing Corner, Inc. and referred to herein as “Healing Corner”), PurePenn LLC, Keystone Relief Centers, LLC (which we refer to as “Solevo Wellness”), and Trulieve WV, Inc., or Trulieve WV. Each of Trulieve US, Leef Industries, Life Essence, Trulieve Holdings Healing Corner, PurePenn LLC and Solevo Wellness and Trulieve WV is wholly-owned (directly or indirectly) by Trulieve Cannabis Corp. As of March 16, 2021, we operated 83 dispensaries with 78 dispensaries in Florida, 3 dispensaries in Pennsylvania, 1 dispensary in California and 1 dispensary in Connecticut. As of December 31, 2020, substantially all of our revenue was generated from the sale of cannabis products for medicinal use in the State of Florida. To date, neither the sale of adult-use cannabis products, nor our operations in Massachusetts, California, Connecticut, Pennsylvania or West Virginia, have been material to our business.

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

Florida

Trulieve US is a vertically integrated “seed to sale” cannabis company and is the largest licensed medical marijuana company in the State of Florida. As of December 31, 2020, publicly available reports filed with the Florida Office of Medical Marijuana Use show Trulieve US to have the most dispensing locations and the greatest dispensing volume across product categories out of all licensed medical marijuana businesses in the state. Trulieve US cultivates and produces all of its products in-house and distributes those products to patients in Trulieve branded stores (dispensaries) throughout the State of Florida, as well as via home delivery. Trulieve’s experience in the vertically integrated Florida market has given us the ability to scale and penetrate in all

necessary business segments (cultivation, production, sales and distribution). Trulieve US has the experience necessary to increase market leadership in Florida and employ that expertise effectively in other regulated markets.

As of December 31, 2020, Trulieve US operated over 1,900,808 square feet of cultivation facilities across five sites. In accordance with Florida law, Trulieve US grows all of its cannabis in secure enclosed indoor facilities and greenhouse structures. In 2019, we acquired approximately 85 acres in Jefferson County, Florida, which has received local approvals for construction and development of state of the art indoor growing facilities totaling approximately one million square feet. A number of 24,000 square foot facilities are currently operational and a new 337,000 square foot facility is expected to become operational in 2021.

Trulieve US operates a CGMP-certified processing facility, encompassing an estimated 55,000 square feet. In furtherance of our patient-first focus, we have developed a suite of Trulieve branded products with over 550 stock keeping units, or SKUs, including flower, edibles, vaporizer cartridges, concentrates, topicals, capsules, tinctures, dissolvable powders, and nasal sprays. This wide variety of products gives patients the ability to select the product that consistently delivers the desired effect and in their preferred method of delivery. These products are delivered to patients statewide in Trulieve-branded retail stores and by home delivery. As of December 31, 2020, Trulieve US operated 70 stores 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 a Final Adult Use Marijuana Retailer License for an adult-use dispensary in Northampton and a Final Medical Marijuana Treatment Center License for medical marijuana cultivation and processing in Holyoke and an affiliated dispensing location in Northampton. Life Essence also holds Provisional Licenses for Adult Use cultivation and processing at the same facility in Holyoke, and provisional certificates of registration for medical marijuana dispensaries in Holyoke and Cambridge. Life Essence has received clearance to admit plant stock to the Holyoke facility and pending completion of adult-use licensure inspections, expects to receive final adult-use cultivation and processing licenses. The completion of these licensing processes will allow Life Essence to capitalize on its investment in infrastructure and engage in vertically integrated operations in both adult-use and medical markets in Massachusetts. We began planting in March 2021 and our first Massachusetts dispensary is expected to open in the second quarter of 2021, with wholesale sales expected to commence in the second half of 2021. Our 140,000 square foot facility in Holyoke will support over 60,000 square feet of canopy, 18,000 square feet of production and three medical, three adult use or three co-located dispensaries.

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. In December 2020, Life Essence entered into an asset purchase agreement with Nature's Remedy of Massachusetts, Inc., or Nature's Remedy, and Sammartino Investments, LLC pursuant to which Life Essence agreed to purchase certain assets of Nature's Remedy including a Final Marijuana Retailer License from the Cannabis Control Commission, assignment of a long-term lease for real property in Worcester, Massachusetts for use as a marijuana retailer, and necessary municipal entitlements to operate as a marijuana retailer at the property. We expect the closing of both transactions to occur promptly following receipt of applicable state and local regulatory approvals.

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. Leef Industries is in the process of Trulieve rebranding and alignment with corporate operational standards, which we believe will increase consumer appeal and operational efficiency. The dispensary helps us stay abreast of trends on the west coast in a robust and innovative cannabis market distinguished by local competition between diverse and numerous operators.

Connecticut

Healing Corner is a licensed pharmacist-managed medical cannabis dispensary located in Bristol, Connecticut. Healing Corner was founded in 2014 and provides a range of medical marijuana products produced by high quality licensed suppliers. At the dispensary, a licensed pharmacist and trained staff provide on-site counseling and education to patients. Patients may reserve their medical marijuana order through Healing Corner's innovative Canna-Fill online system. As of December 31, 2020, Healing Corner served approximately 10% of Connecticut's medical marijuana patient population.

Pennsylvania

On November 12, 2020, we completed the acquisition of 100% of the membership interests of: (i) PurePenn LLC and Pioneer Leasing & Consulting LLC, which we refer to collectively as PurePenn, and (ii) Keystone Relief Centers, LLC, which does business as and we refer to herein as Solevo Wellness. PurePenn operates cannabis cultivation and manufacturing facilities in the Pittsburgh, Pennsylvania area and currently wholesales the PurePenn and Moxie brands to 100% of the operating dispensaries in Pennsylvania. As of December 31, 2020, PurePenn has 35,000 square feet of cultivation space. Solevo Wellness operates three medical marijuana dispensaries with approximately 16,000 square feet of retail space, each with six points of sale, in the Pittsburgh, Pennsylvania area.

West Virginia

On November 13, 2020, Trulieve WV was awarded a processor permit by the West Virginia Office of Medical Cannabis. On January 29, 2021, Trulieve WV was notified that it has been awarded four dispensary permits by the West Virginia Office of Medical Cannabis. 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. We are actively working to begin operations as soon as reasonably practicable, which will vary by location depending on permitting and construction timelines.

Corporate History

Trulieve Cannabis Corp. (formerly Schyan Exploration Inc.) was incorporated under the Business Corporations Act (Ontario) on September 17, 1940. It 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), Schyan Exploration Inc. / Exploration Schyan Inc. 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 Company into Subordinate Voting Shares, 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 Company by creating two new classes of shares, an unlimited number of Super Voting Shares and an unlimited number of Multiple Voting Shares.

On September 19, 2018, in connection with the Transaction, Trulieve Cannabis Corp. 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, Trulieve Cannabis Corp. 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 Trulieve Cannabis Corp. created to effect the Transaction merged with and into Trulieve US and Trulieve US became a wholly-owned subsidiary of Trulieve Cannabis Corp. 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 (3,573,450 of which Subordinate Voting Shares were immediately converted into 35,734.50 Multiple Voting Shares), 535,445 broker warrants of Trulieve US were exchanged for 535,445 broker warrants to purchase Subordinate Voting Shares at an exercise price of C\$6.00, and 8,784,872 compensation warrants of Trulieve US were exchanged for 8,784,872 compensation warrants to purchase Subordinate Voting Shares at an exercise price of C\$6.00. As a result of the Transaction, Trulieve Cannabis Corp. met the CSE listing requirements and the Subordinate Voting Shares commenced trading on the CSE under the symbol “TRUL” on September 25, 2018.

The Transaction

On September 11, 2018, Trulieve Cannabis Corp., Trulieve US and Schyan Sub, Inc., or Subco, a wholly-owned subsidiary of Trulieve Cannabis Corp., entered into a merger agreement to effect a transaction, or the Transaction, whereby Trulieve US and Subco merged, and Trulieve US became a wholly-owned subsidiary of Trulieve Cannabis Corp.

At the annual and special meeting of shareholders held on August 15, 2018 and in connection with the Transaction, Trulieve Cannabis Corp. (formerly Schyan Exploration Inc.) received approval to continue into the jurisdiction of British Columbia. Trulieve Cannabis Corp. filed articles of continuance pursuant to the Business Corporations Act (British Columbia) and completed the continuance on September 19, 2018. Trulieve Cannabis Corp. filed articles of amendment on September 19, 2018 for the amendment to its articles providing for the re-designation of its common shares as Subordinate Voting Shares and to create a class of Multiple Voting Shares and Super Voting Shares on completion of the Transaction. The articles of amendment filed on September 19, 2018 also changed the Company’s name to “Trulieve Cannabis Corp.” (from Schyan Exploration Inc.).

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

Prior to the Transaction, Trulieve US completed a brokered and a non-brokered subscription receipt financing, or SR Offering, at a price of C\$6.00 per subscription receipt for aggregate gross proceeds of approximately C\$65.6 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.

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”.

Trulieve Cannabis Corp. (formerly Schyan Exploration Inc.) had no active business operations leading up to completion of the Transaction. In connection with the Transaction, it disposed of a mineral exploration property eight kilometers northeast of the town of Cadillac, Quebec.

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.

Hackney Nursery, a predecessor to Trulieve US has been registered as a nursery in the State of Florida since June 2, 1981. On November 23, 2015, Trulieve US 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. Trulieve US opened its first dispensary and served its first customer in 2016. Pursuant to current law, Trulieve US is now a Medical Marijuana Treatment Center in the State of Florida. Trulieve US 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.

Data Utilization for Predictive Analytics

Trulieve collects and analyzes data throughout our entire seed-to-sale process for three primary reasons: regulatory compliance, diversion prevention, and business insight. All strategic and tactical business decisions are driven by analyses of historical data coupled with market inputs that allow for predictive analysis designed to ensure the best possible solution is formulated and executed. Internal data collection systems are based on a state-of-the-art SAP integration, which is cloud based and routinely backed up to ensure the security and integrity of data repositories. SAP is among the most trusted and widely used business software providers internationally and worked closely with Trulieve to provide an innovative custom integration that fulfills all of our unique business and compliance needs.

In our cultivation activities, we use data analytics to predict future yields and plan future crop rotations to meet projected patient demand. Our predictive analysis is designed to ensure that we operate in an efficient manner to maximize the harvest output to cost ratio, while delivering products with desirable characteristics. These data are complemented by market insights including observed and predicted purchasing patterns and product trends in markets with shared characteristics.

We also use data analytics throughout the entire manufacturing process to monitor outputs in real-time, assist with quality control, facilitate continuous process improvement, and analyze key metrics to optimize lean flow efficiency. Recording and analysis of data at critical control points allows Trulieve to identify any potential production issues early, thereby preventing production waste and losses, as well as quality and safety concerns. Consistency and safety are paramount to Trulieve and tracking recorded data provides end-to-end traceability for all products distributed as well as a consistent and safe product line that customers can rely on for relief.

Once our products are in Trulieve stores, each sales transaction is recorded and transmitted to regulatory authorities as required under state law. Reports derived from the recorded transaction information allow us to assess – by retail location – sales trends, quantities dispensed, and products sold by subcategory, both at one point in time and over a determined time period. We use 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 produces high quality cannabis flower for direct consumption and uses a variety of processes to transform this high-quality biomass into the extensive portfolio of products sold in our stores. Our prominence in our core market demonstrates the quality and affordability of the product we produce at scale. With a focus on replicable, scalable operations, we have detailed design standards, standard operating procedures, and training protocols that are employed across all cultivation sites to achieve a high level of consistency and medicinal quality.

As of December 31, 2020, Trulieve US operated over 1,900,808 square feet of cultivation facilities across five sites in Florida. In accordance with Florida law, Trulieve US grows in secure enclosed indoor facilities and greenhouse structures. In Massachusetts, we anticipate that we will complete the first phase of our 93,000 square foot medical marijuana cultivation and processing facility in the first quarter of 2021. In Pennsylvania, PurePenn has 35,000 square feet of cultivation space, which we expect to expand to 90,000 square feet in the first half of 2021.

The ability to quickly construct and operate high-yield cultivation facilities at commercial scale is critical in all of the markets in which we are authorized to cultivate. We currently grow over 100 cannabis flower strains with varying price points and cannabinoid ratios. Our cultivation strategies have proven successful in our core market: as of December 31, 2020, based on publicly available reports filed with the Florida Office of Medical Marijuana Use, Trulieve is responsible for approximately 50% of all cannabis flower sold in Florida through licensed dispensaries. We believe we can replicate this success in Massachusetts, Pennsylvania and West Virginia and will continue to apply our successful practices in all markets in which we secure cultivation authorizations.

Scaled, Quality Production

As a vertically-integrated company in Florida, Trulieve US produces 100% of all products sold in our Florida stores. Our operations in Massachusetts, Pennsylvania and West Virginia, will also be vertically-integrated. We have successfully obtained CGMP-certification for our Florida manufacturing facility and have constructed and plan to construct new manufacturing facilities with CGMP-certification as a goal in other markets. Detailed standard operating procedures and comprehensive quality systems are in place to ensure safe and effective products are delivered to our patients. Trulieve invests in a large number of in-house quality personnel as well as testing laboratories, both of which allow us to control quality in all aspects of our business while operating at scale.

We primarily utilize super critical ethanol extraction to obtain the cannabis oil used in the majority of our branded products. We also utilize carbon dioxide extraction for terpene extraction as well as a line of CO2 vaporizer cartridges. In 2021, we expect to begin using light hydrocarbon extraction will be a new addition in 2021 across multiple states, allowing for concentrates that preserve the natural ratios of cannabinoids, terpenes, and other target compounds to better replicate the flower experience. Light hydrocarbon extraction will also offer the benefit of greater extraction yields in many cases.

Marketing and Community Outreach

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

We provide industry leading education, outreach and support to all registered Florida medical cannabis physicians. Our educational materials are designed to help physicians understand cannabinoid science, the high standards pursuant to which our plants are cultivated, the processes required for regulatory compliance, and how our products provide relief for patients. Our 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 our call center. We attribute much of our success to the work we have done with physicians and are actively replicating this structure in the markets we are expanding into.

Patients primarily learn about us through their physicians, patient-centric community events, and digital marketing. We participate in dozens of patient outreach and community events on a monthly basis. An engaged patient audience is captured through our digital content marketing and via multiple popular social media platforms.

We also attend 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 our website also captures potential patients researching the benefits of medical marijuana, which offers another pathway to informative materials about therapeutic uses of cannabis, our products and how to legally access them.

Patient Focused Experiences

It is our goal to generate brand loyalty by providing customers with industry-leading products and superior service in an appealing, approachable setting. We accomplish this goal through several key strategies: training; branded store experiences; brand awareness; multiple channels of distribution; our loyalty program and communication platforms; and research and development.

Training

Patient experience is an area of significant focus for Trulieve. We employ and continuously improve numerous training programs and methods in an effort to provide our front-line workers with the resources and information they need to provide patients with an excellent experience across all Trulieve branded locations. In addition, we utilize 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 track employee performance against our internal standards. This training approach is dynamic and subject to regular evaluation under our continuous improvement program. We offer specialized management training so there is daily reinforcement of patient experience best practices.

Branded Store Experiences

We maintain a consistent look and feel across our dispensary locations to streamline the dispensary experience for the benefit of patients. Our brand guidelines require that each store utilizes the same design, color scheme and layout to provide a comfortable, welcoming environment across locations. Similarly, we adhere to these brand standards in our digital marketing, lending to our brand recognition in Florida and beyond.

Brand Awareness

The foundation of our brand awareness is making top quality Trulieve branded products that are effective. In Florida, we believe that the Trulieve brand is already identified with quality and consistency; using our proven model to build similar brand associations in new markets is the next step in our expansion plan.

We also partner with strategic brands that are or will be featured in Trulieve locations. To date, we have announced partnerships with Bhang, Binske, Loves Oven, SLANG and Blue River. PurePenn has an exclusive license to the Moxie brand in Pennsylvania. Each strategic partner is a consumer favorite with a strong following, unique value proposition and market penetration strategy.

The third tier of our brand awareness consists of local partnerships. Our first local partnership was with Sunshine Cannabis, a Florida-based company with a focus on bringing back unique Florida-based cannabis strains such as “Sunshine Kush” and “Gainesville Green”. As a result of their grass roots marketing efforts, each of the two vape pen SKUs featuring these cannabis strains sold out within 48 hours of launch. We also have a partnership with the Bellamy Brothers, offering flower products in strains such as “Big Love”, “Reggae Cowboy” and “Afterglow”.

Multiple Channels of Distribution

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

Truliever 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 the first to be informed about special discounts or limited product releases and are invited to exclusive Truliever promotions and events. We understand each consumer has unique communication preferences and capabilities. As such, we engage with patients and physicians through a variety of methods including email, text, social media and online chat.

Research and Development

We have a dedicated research and development team focused on product development and technological innovation. Our R&D team evaluates new technologies and performs rigorous testing prior to recommending new products for introduction into production. The team monitors developments in the fast-paced cannabis industry and adjacent industries to help us remain competitive.

Competitive Conditions and Position

We face competition from companies that may have greater capitalization, access to public equity markets, more experienced management or more maturity as a business. We believe that most competitors in the cannabis market consists of localized businesses (those doing business in a single state). There are several multistate operators with whom we compete directly. 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 we execute our growth strategy, operators in our future state markets will inevitably become direct competitors.

Florida

The Office of Medical Marijuana Use, or OMMU, regulates the vertically integrated medical marijuana program in the state of Florida. Each operator is required to have a licensed cultivation, processing and dispensing site. As of December 25, 2020, there were 22 operators with 301 dispensaries (of which Trulieve operated 70 and served 456,594 patients) in the state of Florida. Based on 2020 OMMU data, Trulieve sold approximately 47% of the oil products and approximately 48% of the smokable marijuana in Florida. The closest competitors are Surterra Wellness and Curaleaf. Surterra Wellness had 39 dispensaries or 13% of the total dispensaries and sold approximately 13% of the oil products and 10% of the smokable marijuana. Curaleaf had 33 dispensaries or 11% of the total dispensaries and sold approximately 8% of the oil products and 8% of the smokable marijuana. Other Florida competitors include Growhealthy (iAnthus), Columbia Care Florida, Liberty Health Sciences, AltMed Florida (MuV) and Fluent, all of which have fewer dispensaries and less market share. According to Arcview/BDS Analytics, the Florida cannabis market is expected to grow to more than \$2.6 billion by 2025, a CAGR of 25.3% from 2019. As of March 5, 2021, the Florida market included approximately 500,000 patients with a six week average of approximately 5,200 new patients visiting our Florida dispensaries as of March 2021. As of March 1, 2021, 45% of our Florida sales were from walk-in customers, 51% were from pickups and 4% were from delivery.

California

California's Office of Administrative Law approved the Medicinal and Adult-Use Cannabis Regulation and Safety Act, which is the general framework for the regulation of commercial medicinal and adult-use

cannabis in California. California has the oldest and most saturated cannabis market in the US. It's also the largest cannabis market in the world with an estimated \$4.3 billion in sales annually. There were approximately 608 operational dispensaries in early 2020. According to Arcview/BDS Analytics, the California cannabis market is expected to grow to more than \$7.4 billion by 2025, a CAGR of 16.7%, from 2019.

Connecticut

Connecticut's Medical Marijuana Program is not currently accepting new applications and only issued licenses after selecting winners in response to a competitive RFP process. Currently, there are 18 dispensaries (of which we operate one dispensary) that source product from four licensed cultivators. The four licensed cultivators are Green Thumb Industries (GTI), Curaleaf, CTPharma and Theraplant. In addition to having one of the cultivation licenses Curaleaf operates four of the dispensaries. According to Arcview/BDS Analytics, the Connecticut cannabis market is expected to grow to more than \$355 million by 2025, a CAGR of 22.7%, from 2019. As of December 31, 2020, the Connecticut market included approximately 50,000 customers.

Massachusetts

The Commonwealth of Massachusetts's Cannabis Control Commission, or CCC, tightly regulates its medical and adult use market. As of February 15, 2021, CCC has approved 313 Marijuana Retailer Licenses, 236 Marijuana Cultivation Licenses, and 181 Marijuana Product Manufacturer Licenses. Marijuana Retailer Licenses combine Medical and Adult use licenses. Notable competitors in Massachusetts include Ascend, Acreage Holdings, Cresco Labs, Cultivate, Curaleaf, Columbia Care, Diem Cannabis, MedMen, Harvest, Cookies and Surterra Wellness. Massachusetts regulations pit these competitors against each other in the highly competitive Host Community Agreement, or HCA, process. The HCA process gives invitations to dispensaries to operate within their city. Operators must obtain an HCA for a retail store, cultivation facility, and product manufacturing facility.

As of November 17, 2020, of the 351 municipalities in the Commonwealth, approximately 167 had bans, no zoning, or have not responded. In addition, approximately 62 municipalities had reached their license caps and 122 had zoning in place allowing for applications. Dispensaries compete for real estate locations for retail stores and in cultivation with respect to canopy size. The CCC has an 11 tier categorization for cultivation starting with a canopy limit of 5,000 square feet on tier 1 up to a canopy limit of 100,000 square feet on tier 11. As of June 2020 there were 129 cultivation applications with a maximum possible canopy of 3,645,000 square feet in Massachusetts, of which only six licensed entities were Tier 11. According to Arcview/BDS Analytics, the Massachusetts cannabis market is expected to grow to more than \$1.46 billion by 2025, a CAGR of 16.4%, from 2019.

Pennsylvania

Pennsylvania licenses three different types of marijuana organizations: dispensaries, grower-processors, and clinical registrants. A clinical registrant license allows the license holder to grow, process, and dispense medical marijuana in conjunction with an accredited medical school. The Commonwealth's Medical Marijuana Act authorized the Department of Health to issue up to 25 grower-processor licenses and 50 dispensary licenses. The Department of Health is authorized to license up to eight clinical registrants and has licensed seven thus far. The Department of Health has discretion to expand the number of dispensary and grower-processor permits as necessary.

A dispensary license allows the licensee to dispense medical marijuana from the permitted location(s). No person may own more than five individual dispensary permits. A permit may be used to dispense medical marijuana at up to three locations as approved by the Department. Pennsylvania issued 27 dispensary licenses during Phase I of its medical marijuana program. Applicants were allowed to apply to

operate up to three dispensary locations in a given region. Ten licensees obtained approval to open three locations, five licensees obtained approval to open two locations, and the remaining twelve licensees gained approval to open one location. During Phase II, Pennsylvania issued 23 dispensary licenses, with four licensees obtaining approval to open two locations and fifteen obtaining approval to open one location (none obtained approval to open three locations). Notable competitors include Columbia Care, GTI, Curaleaf and Harvest who controls 12 dispensaries. According to Arcview/BDS Analytics, the Pennsylvania market is expected to grow to \$770 million by the end of 2025, a CAGR of 10.6%, from 2019. As of December 31, 2020, the Pennsylvania market included approximately 500,000 customers.

West Virginia

The West Virginia Office of Medical Cannabis has awarded ten cultivation permits, ten processor permits, and one hundred dispensary permits. Licensees are required to establish operations in West Virginia within a six-month start-up period. As of March 1, 2021, no dispensaries have opened in West Virginia.

Key Business Objectives

Trulieve will continue to focus on rapid growth in Florida, Connecticut, California, Massachusetts, Pennsylvania and West Virginia while also moving into other states to expand the reach of our brand. We expect to capitalize on our momentum and profitability to continue to build a strong foundation for growth in anticipation of an improved regulatory landscape. For example, the MORE Act would instruct the U.S. Attorney General to remove cannabis and tetrahydrocannabinols from the CSA within 180 days, while the STATES Act would amend the CSA so that—as long as states comply with certain minimum requirements—the CSA would no longer apply to persons or entities acting in compliance with state laws governing cannabis. The MORE Act and STATES Act also would effectively repeal 280E, which, in turn, could allow cannabis companies to deduct additional expenses from taxable income. The passage of the MORE Act, the STATES Act, or similar legislation could lead major United States exchanges to change their policies and allow cannabis companies with operations in the United States to list. We will continue to execute on our established business plan of continuing to be the clear market leader in the State of Florida. Our growth plans are comprised of three key strategies. In the next 12 months, we expect to:

- *Expand Current Cultivation and Production Operations:* We will continue to scale cultivation and production operations as justified by supply-demand market dynamics, expanding our Florida indoor cultivation facilities and opening a cultivation and processing facility in Massachusetts.
- *Expand Current Market Retail Footprint:* We will continue to scale retail locations in Florida and Massachusetts and plan to continue to leverage efficiencies and automation and to capitalize on growth opportunities.
- *New Market Expansion:* We will identify new markets that support our business model and expect to opportunistically expand our operations by acquiring complementary businesses or obtaining licenses to operate in new states.

Trulieve Leases

We lease all of our store locations, two of our five cultivation sites in Florida and our combined cultivation and production sites in each of Pennsylvania and Massachusetts. We do not have any one lease representing over 10% of our consolidated leasing costs and, as a result, do not consider any of our leases to be material. In addition, in Florida we own one production facility, have a second owned production facility under construction and have recently acquired real property for an additional cultivation site.

Specialized Skills

We recruit talented individuals to join the Trulieve team. Our employees have a wide range of skill sets, including employees with PhD and master's degrees. Many of our employees are college graduates and have

specific skills related to their job function. We intend to continue to build out our research and development team with scientists and other technical specialists. We use 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, we are a true seed-to-sale company and, as such, control the supply chain and distribution of our products. Aside from hardware components that are readily available, such as childproof packaging, and ingredients which are readily available, such as olive oil or coconut oil, raw materials are produced by us. Materials not produced in-house are purchased at market prices from vetted suppliers.

Brand Recognition and Intellectual Property

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

We have received trademark approval from the State of Florida for the name Trulieve. We own the domain name trulieve.com as well as several related domain names. We have not registered any patents nor are we in the process of registering any patents. We rely on non-disclosure and confidentiality agreements to protect our intellectual property rights. To the extent we are required to make disclosure regarding specific proprietary or trade secret information, such information is redacted prior to public disclosure.

Year-Round Business

Our business is year-round and neither cyclical nor seasonal.

Diversity, Inclusion & Equity

We are committed to contributing positively to the legal cannabis industry. As a business that produces and distributes a product that many people – especially people of color – were arrested and incarcerated for in the past, we recognize the supreme importance of promoting diversity, inclusivity, and equity in the cannabis industry. As such, we have launched a Diversity & Inclusion Committee comprised of executives, senior management, and a diversity consultant. The committee is charged with implementing and recording the efficacy of our 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.

Regulatory Overview

Below is a discussion of the federal and state-level U.S. regulatory regimes in those jurisdictions where we are currently directly involved, through our 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. PurePenn and Solevo Wellness are directly engaged in the manufacture, possession, sale or distribution of cannabis in the medicinal cannabis marketplace in the Commonwealth of Pennsylvania. Trulieve WV intends to engage in cannabis processing, cultivation and retailing in the medicinal cannabis marketplace in the State of West Virginia.

Federal Regulation of Cannabis in the United States

The United States federal government regulates drugs in large part through the Controlled Substances Act, or 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, or 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, or 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 we believe to be widely accepted medical uses for marijuana by physicians, researchers, patients, and others. Moreover, as of February 4, 2021 and despite the clear conflict with U.S. federal law, at least 36 states and the District of Columbia have legalized cannabis for medical use, although Mississippi's medical cannabis legalization measure is under challenge. Sixteen of those states and the District of Columbia have legalized the adult-use of cannabis for recreational purposes, although South Dakota's adult-use measure is subject to potential challenge. In November 2020, voters in Arizona, Montana, New Jersey and South Dakota voted by referendum to legalize marijuana for adult use, and voters in Mississippi and South Dakota voted to legalize cannabis for medical use.

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

In 2013, as more and more states began to legalize medical and/or adult-use cannabis, 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 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, which we refer to as the Cole Memorandum.

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

1. Preventing the distribution of cannabis to minors;
2. Preventing revenue from the sale of cannabis from going to criminal enterprises, gangs and cartels;
3. Preventing the diversion of cannabis from states where it is legal under state law in some form to other states;
4. Preventing the state-authorized cannabis activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
5. Preventing violence and the use of firearms in the cultivation and distribution of cannabis;
6. Preventing drugged driving and the exacerbation of other adverse public health consequences associated with cannabis use;
7. Preventing the growing of cannabis on public lands and the attendant public safety and environmental dangers posed by cannabis production on public lands; and

8. Preventing cannabis possession or use on federal property.

On January 4, 2018, former United States Attorney General Jeff Sessions rescinded the Cole Memorandum by issuing a new memorandum to all United States Attorneys, which we refer to as the Sessions Memo. Rather than establishing national enforcement priorities particular to marijuana-related crimes in jurisdictions where certain cannabis 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.

On January 21, 2021, Joseph R. Biden, Jr. was sworn in as President of the United States. President Biden’s nomination for Attorney General, Merrick Garland, was confirmed by the United States Senate on March 10, 2021. It is not yet known whether the Department of Justice under President Biden and Attorney General Garland, will re-adopt the Cole Memorandum or announce a substantive cannabis enforcement policy. Attorney General Garland indicated at a confirmation hearing before the United States Senate that it did not seem to him to be a useful use of limited resources to pursue prosecutions in states that have legalized and that are regulating the use of cannabis, either medically or otherwise.

Nonetheless, there is no guarantee that state laws legalizing and regulating the sale and use of cannabis 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 cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), and the President approves such amendment, there is a risk that federal authorities may enforce current U.S. federal law. Currently, in the absence of uniform federal guidance, as had been established by the Cole memorandum, enforcement priorities are determined by respective United States Attorneys.

As an industry best practice, despite the rescission of the Cole Memorandum, we abide by the following standard operating policies and procedures, which are designed to ensure compliance with the guidance provided by the Cole Memorandum:

1. Continuously monitor our operations for compliance with all licensing requirements as established by the applicable state, county, municipality, town, township, borough, and other political/administrative divisions;
2. Ensure that our 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 prevent the distribution of our cannabis products to minors;
4. Implement policies and procedures in place to avoid the distribution of the proceeds from our operations to criminal enterprises, gangs or cartels;
5. Implement an inventory tracking system and necessary procedures to reliably track inventory and prevent the diversion of cannabis or cannabis products into those states where cannabis is not permitted by state law, or across any state lines in general;
6. Monitor the operations at our facilities so that our state-authorized cannabis business activity is not used as a cover or pretense for trafficking of other illegal drugs or engaging in any other illegal activity; and
7. Implement quality controls so that our products comply with applicable regulations and contain necessary disclaimers about the contents of the products to avoid adverse public health consequences from cannabis use and discourage impaired driving.

In addition, we frequently conduct background checks to confirm that the principals and management of our 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. We also conduct ongoing reviews of the activities of our 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.

Moreover, in recent years, certain temporary federal legislative enactments that protect the medical cannabis and hemp industries have also been in effect. For instance, certain cannabis businesses receive a measure of protection from federal prosecution by operation of temporary appropriations measures that have been enacted into law as amendments (or “riders”) to federal spending bills passed by Congress and signed by both Presidents Obama and Trump. For instance, in the Appropriations Act of 2015, Congress included a budget “rider” that prohibits DOJ from expending any funds to enforce any law that interferes with a state’s implementation of its own medical cannabis laws. The rider is known as the “Rohrabacher-Farr” Amendment after its original lead sponsors. Originally, a Republican-controlled House and Democratic-controlled Senate passed the Rohrabacher-Farr Amendment. The bill was a bipartisan appropriations measure that looks to prohibit the DOJ from spending federally allocated funds to interfere with state-level medical cannabis operations. Subsequently, the amendment has been included in multiple budgets passed by a Republican-controlled Congress. While the Rohrabacher-Farr Amendment has been included in successive appropriations legislation or resolutions since 2015, its inclusion or non-inclusion is subject to political change.

The Rohrabacher-Farr Amendment was extended most recently in the Omnibus Appropriations Act of 2021, which funds the agencies of the federal government through September 30, 2021. Notably, Rohrabacher-Farr has applied only to medical cannabis programs and has not provided the same protections to enforcement against adult-use activities. If the Rohrabacher-Farr Amendment is no longer in effect, the risk of federal enforcement and override of state marijuana laws would increase.

United States Border Entry

The United States Customs and Border Protection, or 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 our Subordinate Voting Shares, 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.

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 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 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 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. 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.

Anti-Money Laundering Laws and Access to Banking

The Company 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 (referred to herein 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. For example, banks and other financial institutions could potentially be prosecuted and convicted of aiding and abetting 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, FinCEN, in 2014, issued guidance, or the FinCEN Guidance, to prosecutors of money laundering and other financial crimes. The FinCEN Guidance is viewed as advising 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). Importantly, the FinCEN Guidance also clarifies how financial institutions can provide financial services to marijuana-related businesses consistent with their Bank Secrecy Act obligations, including through enhanced 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 (i.e. enhanced due diligence) on each marijuana-related business they accept as a customer.

Those commercial 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 liquidity and concentration 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. Because many banks and credit unions that are providing banking services to marijuana-related businesses are smaller institutions, applicable concentration limits may also impose limits in the aggregate amounts of loans that might be provided to the industry. Those commercial banks and credit unions that do have customers in the cannabis industry can charge cannabis 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, but FinCEN has stated that it views the FinCEN Guidance to include compliance with the requirements of the rescinded Cole Memorandum. Secretary of the Treasury, Janet Yellen, has not made any public statements with regards to how the Treasury Department plans to treat marijuana-related businesses.

As an industry best practice and consistent with its standard operating procedures, Trulieve 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 our 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 our ability to declare or pay dividends or effect other distributions.

In the United States, the “SAFE Banking Act” was adopted by the U.S. House of Representatives, which would grant banks and certain financial institutions immunity from federal criminal prosecution for servicing cannabis-related businesses if the underlying cannabis business follows state law. The SAFE Banking Act was reintroduced in the United States House of Representatives. On March 23, 2021, the bill was reintroduced in the United States Senate as well. While there is strong support in the public and within Congress for the SAFE Banking Act, there can be no assurance that it will be passed as presently proposed 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. While there is strong support in the public and within Congress for the SAFE Banking Act and similar legislation, there can be no assurance that it will be passed as presently proposed 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 cannabis 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. We have banking relationships with Florida, Massachusetts and Connecticut state-chartered banks for deposits and payroll, however we do not have access to traditional bank financing.

Tax Concerns

An additional challenge for cannabis-related businesses is that the provisions of IRC Section 280E are being applied by the IRS to businesses operating in the medical and adult-use cannabis industry. IRC Section 280E prohibits cannabis 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 cannabis 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

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, Former 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, or 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, (referred to herein as the “USDA Rule”). The USDA Rule went into effect on March 22, 2021. 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

We are classified as having a “direct” involvement in the United States cannabis industry and we believe that we are in compliance with applicable state laws, as well as related licensing requirements and the regulatory frameworks enacted by the States of Florida, California, Connecticut and West Virginia, and the Commonwealths of Massachusetts and Pennsylvania. We are not subject to any citations or notices of violation with applicable licensing requirements and the regulatory frameworks which may have an impact on our licenses, business activities or operations. We use reasonable commercial efforts to ensure that our business is in compliance with applicable licensing requirements and the regulatory frameworks enacted by Florida, California, Connecticut, Massachusetts, Pennsylvania and West Virginia through the advice of our Director of Compliance, who monitors and reviews our business practices and changes to applicable state laws and regulations, as well as United States Federal enforcement priorities. Our Chief Legal Officer and General Counsel works with external legal advisors in Florida, Massachusetts, California, Connecticut, Pennsylvania and West Virginia to ensure that we are 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 we operate (and anticipate 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 we believe that our 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 us of liability under U.S. federal law, nor provide a defense to any federal proceeding which may be brought against us. Any such proceedings brought against us may result in a material adverse effect on our business.

Regulation of the Medical Cannabis Market in Florida

In 2014, the Florida Legislature passed the Compassionate Use Act, or 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, or 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 (referred to herein as 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”)

| <u>Holding Entity</u> | <u>Permit/ License</u> | <u>City</u> | <u>Expiration/Renewal Date (if applicable) (MM/DD/YY)</u> | <u>Description</u> |
|------------------------|------------------------------------|-------------|---|---|
| Trulieve, Inc. | Medical Marijuana Treatment Center | Statewide | 07/24/22 | 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, or OMMU, and may be renewed biennially. Trulieve US received its most recent license renewal on June 13, 2018 and is classified as a Medical Marijuana Treatment Center, or 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 our license, we are permitted to sell cannabis to those patients who are entered into Florida'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.

We are authorized to sell a variety of products and offer over 550 SKUs in various product categories for sale. OMMU implemented rules regulating the production and sale of edible products in August of 2020, and the Company's Florida licensee shortly thereafter became the first MMTC to dispense edibles in Florida. 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, our Florida licensee filed a claim in the Court for the Second Judicial Circuit in Leon County challenging the dispensary cap and asking the court to disregard the dispensary locations we had open and/or applied for prior to the limitation becoming effective. On February 4, 2019, we announced that we won our lawsuit in the trial court, with the court ruling that we 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. We have since settled our challenge with the Florida Department of Health. Our 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. As of December 31, 2020, we had 70 approved dispensaries in the State of Florida. In addition, our license allows us 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 we use our 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).

There is a pending lawsuit that challenges important aspects of the 2017 Legislation and OMMU regulations and could have an impact on our business in Florida. In December 2017, Florigrown, LLC and other plaintiffs challenged as unconstitutional aspects of the 2017 Legislation and OMMU regulations that: (1) require MMTCs to be vertically integrated (i.e., cultivate and process the cannabis to be sold at the MMTC's own licensed dispensaries); (2) that cap the total number of MMTC licenses in the state; and (3) that authorized the OMMU to issue MMTC licenses to certain applicants that met criteria defined by the 2017 legislation. On October 18, 2019, a trial judge in the Circuit Court for Leon County ruled that Florigrown, LLC had a substantial likelihood of succeeding on its claims, holding that the vertical integration and licensing cap conflicted with the language in Article X, Section 29 and that the provisions in the 2017 defining the criteria for eligibility for MMTC licensure constituted an impermissible "special law" under Article III, Section 11(a)(12) of the Florida Constitution. On July 10, 2019, an intermediate appellate court affirmed aspects of the Circuit Court for Leon County's ruling. The matter is now pending before Florida Supreme Court. The Florida Supreme Court heard additional oral argument in the case on October 7, 2020.

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, or MUMP, registers qualifying patients, personal caregivers, Medical Marijuana Treatment Centers, or MTCs, and MTC agents. MTCs were formerly known as Registered Marijuana Dispensaries, or 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. (referred to herein as 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, or CCC, regulations, 935 CMR 501.000 et seq. (referred to herein as 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 November 30, 2020, which will become effective when published in the Massachusetts 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 MTC license and, following completion of certain regulatory requirements, a Final MTC license. Trulieve’s wholly owned subsidiary, Life Essence, holds the following MTC licenses.

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

| <u>Holding Entity</u> | <u>Permit/ License</u> | <u>City</u> | <u>Expiration/Renewal Date (if applicable) (MM/DD/YY)</u> | <u>Description</u> |
|------------------------|-------------------------|--------------------------------|---|---|
| Life Essence | Provisional MTC License | Holyoke, MA | 12/6/21 | Dispensary Cultivation/ Product Manufacturing Dispensary |
| Life Essence | Final MTC License | Northampton, MA Holyoke, MA | 11/18/21 | Dispensary Cultivation/ Product Manufacturing Dispensary |
| Life Essence | Provisional MTC License | Cambridge, MA Holyoke, MA | 12/6/21 | Dispensary Cultivation/ Product Manufacturing Dispensary |

After receipt of a Provisional MTC license, 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 MTC License to the MTC applicant. Final MTC Licenses 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 a Final MTC License by the CCC.

MTC Licenses 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 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, or 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 (referred to herein collectively as “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 effective November 1, 2019 and January 8, 2021.

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. Retailers are required to conduct monthly analyses of equipment and sales data to determine that such systems have not been altered or interfered with to manipulate sales data, and to report any such discrepancies to the CCC.

Dispensaries must also make consumer education materials available to patrons in languages designated by the CCC, with analogous materials for visually- and hearing-impaired persons. 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.

Massachusetts Licenses (Adult-Use)

Trulieve’s wholly owned subsidiary, Life Essence, holds the following licenses:

| <u>Holding Entity</u> | <u>Permit/ License</u> | <u>City</u> | <u>Expiration/Renewal Date (if applicable) (MM/DD/YY)</u> | <u>Description</u> |
|------------------------|------------------------|-----------------|---|-----------------------|
| Life Essence | Final License | Northampton, MA | 6/19/21 | Dispensary |
| Life Essence | Provisional License | Holyoke, MA | 6/19/21 | Cultivation |
| Life Essence | Provisional License | Holyoke, MA | 6/19/21 | Product Manufacturing |

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.

Regulatory Changes for Medical and Adult Use Marijuana in Massachusetts

The CCC voted to adopt significant amendments of both the medical and adult-use cannabis regulations at its meeting on November 30, 2020. The new regulations became effective on January 8, 2021. Significant changes include:

- permitting Marijuana Courier Licensees to deliver directly to consumers from the premises of licensed marijuana retailer establishments and Marijuana Delivery Operators to purchase wholesale marijuana products directly from marijuana cultivation and product manufacturer establishments and deliver the products directly to consumers from the Delivery Operator’s warehouse location. Both Marijuana Courier and Marijuana Delivery Operator Licensees are reserved for at least 36 months for companies majority-owned and controlled by certain classes of certified Economic Empowerment or Social Equity applicants, for which Trulieve does not qualify;
- permitting Personal Caregivers to be registered to care for more than one – and up to five – Registered Qualifying Patients at one time; and
- permitting non-Massachusetts residents receiving end-of-life or palliative care or cancer treatment in Massachusetts to become Registered Qualifying Patients.

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. 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,” or 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,” or 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, or 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, or BCC, California Department of Food and Agriculture, or CDFA, and the California Department of Public Health, or 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”)

| <u>Holding Entity</u> | <u>Permit/ License</u> | <u>City</u> | <u>Expiration/Renewal Date (if applicable) (MM/DD/YY)</u> | <u>Description</u> |
|----------------------------|------------------------|------------------|---|--------------------|
| Leef Industries, LLC . . . | Adult-Use Retailer | Palm Springs, CA | 11/08/21 | 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 nonvolatile 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, or 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, or 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, or 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.

After receiving approval from the BCC in August 2020, we own 100% of the issued and outstanding membership interests of Leef Industries. We have and will only engage in transactions with other licensed California marijuana businesses and have a compliance officer to oversee dispensary operations in California. We are developing standard operating procedures for this and future California holdings to ensure consistency and compliance across our California holdings. We and, to the best of our knowledge, 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, or MMP, registers qualifying patients, primary caregivers, Dispensary Facilities, or DFs, and Dispensary Facility Employees, or DFEs. The MMP was established by Connecticut General Statutes §§ 21a-408–21a429. DFs and production facilities are separately licensed.

The MMP is administered by the Department of Consumer Protection, or 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, or Commissioner, not to award a DF license to an applicant is final.

Connecticut Licenses (the “Connecticut License”)

| <u>Holding Entity</u> | <u>Permit/ License</u> | <u>City</u> | <u>Expiration/Renewal Date (if applicable) (MM/DD/YY)</u> | <u>Description</u> |
|-------------------------------|---|-------------|---|--------------------|
| Trulieve Bristol Inc. | Medical Marijuana Dispensary Facility License | Bristol | 04/15/22 | 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.

Regulation of the Medical Cannabis Market in Pennsylvania

The Pennsylvania medical marijuana program was signed into law on April 17, 2016 under Act 16, or Act 16, and provided access to state residents with one or more qualifying conditions. Pennsylvania has promulgated regulations to implement Act 16, which are primarily found in Chapters 1131 through 1210 of the Pennsylvania Code.

Under Act 16, medical marijuana refers to marijuana obtained for certified medical use by a Pennsylvania resident with at least 1 of 23 qualifying medical conditions as set by the Pennsylvania Department of Health, or DOH, pursuant to Act 16. Act 16 initially authorized 17 qualifying conditions, however, through regulatory approval, that list has expanded and now includes anxiety disorders, ALS, Autism, Cancer, Crohn's Disease, damage to the nervous tissue of the spinal cord with neurological indication of intractable spasticity, Dyskinetic & spastic movement disorders, Epilepsy, Glaucoma, HIV & AIDS, Huntington's Disease, IBD, Intractable Seizures, Multiple Sclerosis, Neurodegenerative diseases, Neuropathy, opioid disorder, Parkinson's disease, PTSD, severe chronic pain of neuropathic origin or which conventional therapy is ineffective, Sickle Cell Anemia, a terminal illness, and Tourette Syndrome.

Under Act 16 and the DOH's implementing regulations, patients who are residents of the Commonwealth and have a qualifying medical condition as certified by a physician are able to obtain medical marijuana at approved dispensaries with the Commonwealth. A registered caregiver of an approved patient may also obtain medical marijuana from an approved dispensary. As of March 1, 2021, Pennsylvania does not permit home delivery of medical marijuana.

Pennsylvania Licenses and Regulations

Act 16 authorized 2 principal categories of permits: (1) a grower/ processor facility permit, and (2) a dispensary facility permit. The Pennsylvania Department of Health was authorized to issue up to 25 grower/ processor permits and up to 50 dispensary permits. A dispensary permit holder may have up to 3 dispensary locations within the primary region in which it is located. The Commonwealth is divided into 6 regions with permits being awarded based on patient population. The Commonwealth originally awarded only 12 grower/ processor permits and 27 dispensary permits. Subsequently, the Commonwealth granted additional grower/ processor and dispensary permits as part of its phase II application process. Pennsylvania also allows for a clinical registrant permit which allows clinical registrant permit holders to operate both a grower/ processor operation and multiple dispensary locations. Additionally, clinical registrants must partner with an approved medical research institution within the Commonwealth to conduct marijuana-based clinical research programs. All permit holders are required to use the state-approved seed-to-sale tracking software for all inventory management, tracking and dispensations. Pennsylvania currently utilizes the MJFreeway platform.

All grower/processor and dispensary facilities must register with the DOH. Registration certificates are valid for a period of one year and are subject to continuing reporting and annual renewal requirements. A grower/ processor permit allows a permit holder to acquire wholesale from another grower/processor, possess, cultivate, and manufacture/process into medical marijuana products and/or medical marijuana-infused products, deliver, transfer, have tested, transport, supply or sell marijuana and related supplies to medical marijuana dispensaries. A grower/processor may transport products itself or may contract with an approved transporter. A grower/processor is not limited to the region it is located in and may distribute medical marijuana products and/or medical marijuana-infused products to any approved dispensary facility within the Commonwealth.

Approved dispensaries may only purchase approved medical marijuana products and marijuana-infused products from a permitted grower/processor and may only dispense to certified patients or caregivers who present valid identification cards. Prior to dispensing medical marijuana products to a patient or caregiver, the dispensary shall: (1) verify the validity of the patient or caregiver identification card using the electronic tracking system; and (2) review the information on the patient’s most recent certification by using the electronic tracking system to access the DOH’s database. The following requirements apply: (i) if a practitioner sets forth recommendations, requirements or limitations as to the form and/or dosage of a medical marijuana product on the patient certification, the medical marijuana product dispensed to a patient or caregiver by a dispensary must conform to those recommendations, requirements or limitations; (ii) if a practitioner does not set forth recommendations, requirements or limitations as to the form or dosage of a medical marijuana product on the patient certification, the physician, pharmacist, physician assistant or certified registered nurse practitioner employed by the dispensary and working at the facility shall consult with the patient or the caregiver regarding the appropriate form and dosage of the medical marijuana product to be dispensed; and (iii) the dispensary shall update the patient certification in the electronic tracking system by entering any recommendation as to the form or dosage of medical marijuana product that is dispensed to the patient.

Pennsylvania License Categories/Types

| <u>Holding Entity</u> | <u>Permit/ License</u> | <u>City</u> | <u>Expiration/Renewal Date (if applicable) (MM/DD/YY)</u> | <u>Description</u> |
|--|------------------------|----------------|---|--------------------|
| PurePenn LLC | GP-5016-17 | McKeesport, PA | 06/20/21 | Grower/Processor |
| Keystone Relief Centers, LLC | D-5050-17 | Zelienople, PA | 06/29/21 | Dispensary |
| Keystone Relief Centers, LLC | D-5050-17 | Pittsburgh, PA | 06/29/21 | Dispensary |
| Keystone Relief Centers, LLC | D-5050-17 | Washington, PA | 06/29/21 | Dispensary |

Pennsylvania Department of Health Inspections

The Pennsylvania Department of Health may conduct announced or unannounced inspections or investigations to determine the medical marijuana organization’s compliance with its permit. An investigation or inspection may include an inspection of a medical marijuana organization’s site, facility, vehicles, books, records, papers, documents, data, and other physical or electronic information.

Regulation of the Cannabis Market in West Virginia

On April 19, 2017, West Virginia Governor Jim Justice signed into law Senate Bill 386, which creates a medical cannabis program for West Virginia residents with serious medical conditions, and permits medical cannabis to be cultivated, processed, and dispensed to registered patients in essentially non-combustible forms. The program is administered by the West Virginia Bureau for Public Health, Office of Medical Cannabis. The Office has authority to (1) issue and oversee permits that authorize businesses to grow, process, or dispense medical cannabis in compliance with state law and regulations, (2) register medical practitioners who certify patients as having qualifying serious medical conditions, and (3) register and oversee patients with qualifying conditions.

The statute establishes a list of qualifying conditions, including (1) cancer, (2) positive status for HIV/AIDS, (3) amyotrophic lateral sclerosis, (4) Parkinson’s disease, (5) multiple sclerosis, (6) spinal cord injury, (7) epilepsy, (8) neuropathy, (9) Huntington’s disease, (10) Crohn’s disease, (11) post-traumatic stress disorder, (12) intractable seizures, (13) sickle cell anemia, (14) severe chronic pain, and (15) illness with a prognosis of less than one year of life expectancy.

In addition to Senate Bill 386, codified in Chapter 16A of the West Virginia Code, the Office of Medical Cannabis has also promulgated regulations governing the activities of growers, processors, laboratories, dispensaries, and general provisions of West Virginia’s medical marijuana program.

West Virginia Licenses and Regulations

The West Virginia statute creates three categories of licenses that a cannabis business may obtain: (1) grower, (2) processor, and (3) dispensary, corresponding to the growing of medical cannabis, the processing of cannabis plants into the products permitted under West Virginia law, and sales to registered patients, respectively. The statute provides that the Office may issue up to 10 grower permits, 10 processor permits, and 100 dispensary permits, and that it may not (1) issue more than 1 grower permit to one person, (2) issue more than 1 processor permit to one person, and (3) issue more than 10 dispensary permits to one person.

The Office of Medical Cannabis awarded 10 grower permits on October 3, 2020. It awarded 10 processor permits on November 13, 2020. It awarded 100 dispensary permits on January 29, 2021, and announced that, beginning February 3, 2021, West Virginia residents with qualifying medical conditions would be able to begin to submit applications to become registered patients. The Office awarded the following permits to Trulieve WV:

| <u> Holding Entity </u> | <u> Permit/ License </u> | <u> City </u> | <u> Expiration/Renewal Date (if applicable) (MM/DD/YY) </u> | <u> Description </u> |
|-------------------------|--------------------------|---------------|---|-----------------------------|
| Trulieve WV, Inc. . . . | P060009 | Huntington | 11/13/21 | Medical Cannabis Processor |
| Trulieve WV, Inc. . . . | D490079 | Buckhannon | 1/28/22 | Medical Cannabis Dispensary |
| Trulieve WV, Inc. . . . | D310080 | Morgantown | 1/28/22 | Medical Cannabis Dispensary |
| Trulieve WV, Inc. . . . | D200078 | Charleston | 1/28/22 | Medical Cannabis Dispensary |
| Trulieve WV, Inc. . . . | D210081 | Weston | 1/28/22 | Medical Cannabis Dispensary |

Permits issued by the Office of Medical Cannabis are effective for one year from the date of issuance and may be renewed by applicants in good standing with the terms of a currently-effective permit. Permits may be suspended or revoked on the basis of failure to prevent diversion of medical cannabis, or violation of laws and rules applicable to medical cannabis businesses.

All permittees are required to make use of a state-mandated electronic tracking system that is accessible to the Office. Permittees are also subject to requirements related to security and surveillance, recordkeeping and record retention, the acquisition, growing, and processing of medical cannabis, delivery and transportation, and controls on dispensing, including amounts and prices permitted. Growers and processors are required to contract with independent laboratories to test their products according to Office of Medical Cannabis rules.

Dispensaries are prohibited from dispensing cannabis products to anyone other than a registered patient or caregiver who presents a valid identification card from the Office. Dispensing amounts are limited to those indicated in a registered patient’s certification by his/her medical practitioner, and in any event a dispensary may not dispense more than a 30-day supply at a given time.

The Office is permitted to conduct announced or unannounced inspections of permittees to determine their compliance with West Virginia law and regulations, and may inspect a permittee’s site, records, and other data, and may interview employees, principals, operators, and financial backers of the permittee.

Other

The foregoing description of laws and regulations to which we are or may be subject is not exhaustive, and the regulatory framework governing our operations is subject to continuous change. The enactment of new laws and regulations or the interpretation of existing laws and regulations in an unfavorable way may affect the operation of our business, directly or indirectly, which could result in substantial regulatory compliance costs, civil or criminal penalties, including fines, adverse publicity, loss of participating dealers, lost revenue, increased expenses, and decreased profitability. Further, investigations by government agencies, including the FTC, into allegedly anticompetitive, unfair, deceptive or other business practices by us, could cause us to incur additional expenses and, if adversely concluded, could result in substantial civil or criminal penalties and significant legal liability.

Employees

As of, December 31, 2020, we had 4,455 full-time employees and 390 part-time employees. We are committed to hiring talented individuals and maximizing individual potential, while fostering growth and career advancement. Since the opening of our first store in 2016, our workforce has grown to nearly 5,000 employees, including personnel in our cultivation, production, transportation and retail divisions, along with our executive and support services teams. Our 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. As of December 31, 2020, our employees are split across company divisions as follows:

| | |
|---------------------------|--------------|
| Management: | 10 |
| Cultivation: | 1,177 |
| Production | 801 |
| Retail: | 2,463 |
| Call Center: | 146 |
| Transportation: | 35 |
| Support: | 213 |
| Total: | 4,845 |

Available Information

We maintain a website at <http://www.trulieve.com>. Through our website, we make available, free of charge, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports, as well as proxy statements, and, from time to time, other documents as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission, or SEC. These SEC reports can be accessed through the “Investors” section of our website. The information found on our website is not part of this or any other report we file with or furnish to the SEC.

In addition, the SEC maintains an Internet website that contains reports, proxy and information statements, and other information regarding Trulieve Cannabis Corp. and other issuers that file electronically with the SEC. The SEC’s Internet website address is <http://www.sec.gov>.

Description of Property

We have no material properties.

Legal Proceedings

Except as set forth below, there are no actual or to our knowledge contemplated legal proceedings material to us or our subsidiaries or to which any of our or any of our subsidiaries’ property is the subject matter.

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 us 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 us in the United States District Court for the Eastern District of New York. Both complaints name Trulieve, Kim Rivers, and Mohan Srinivasan as defendants for allegedly making materially false and misleading statements regarding our previously reported financial statements and public statements about our business, operations, and prospects. The complaint alleges violations of Sections 10(b) and 20(a) of the Exchange Act, and Rule 10b-5 promulgated thereunder. The complaints 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. We filed a motion to dismiss on September 11, 2020 that was granted on March 19, 2021. The plaintiffs have until April 8, 2021 to file an amendment to the dismissed complaint. The Company 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 Company by a court or regulatory authority, and the Company 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 prospectus.

Available Information

We maintain a website at <http://www.trulieve.com>. The information contained on, or accessible through, our website is not part of this prospectus. Our periodic and current reports are available, free of charge, after the material is electronically filed with, or furnished to, the Canadian securities regulators on SEDAR, at www.sedar.com. Our Annual Reports on Form 10-K (which includes our audited financial statements), Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed or furnished pursuant to Sections 13(a) and 15(d) of the Exchange Act, are available on our website, free of charge, as soon as reasonably practicable after we electronically file such reports with, or furnish those reports to, the SEC. You may also read and copy these reports, proxy statements and other information on the SEC’s website at www.sec.gov.

MARKET PRICE AND DIVIDENDS ON COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our Subordinate Voting Shares began trading on the Canadian Securities Exchange under the symbol “TRUL” on September 25, 2018 and began trading on the OTCQX Best Market under the symbol “TCNNF” on September 24, 2018. Any over-the-counter market quotations from the OTCQX Best Market reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Holders of Subordinate Voting Shares

As of March 15, 2021, we had approximately 111 shareholders of record of our issued and outstanding Subordinate Voting Shares, 14 shareholders of record of our issued and outstanding Multiple Voting Shares and 8 shareholders of record of our issued and outstanding Super Voting Shares.

MANAGEMENT

Executive Officers and Directors

Our executive officers and directors, their positions and their ages as of March 15, 2021 are set forth below:

| <u>Name</u> | <u>Age</u> | <u>Position(s)</u> |
|-----------------------------------|------------|--|
| Executive Officers | | |
| Kim Rivers | 42 | Chair, President and Chief Executive Officer |
| Alex D’Amico | 45 | Chief Financial Officer |
| Eric Powers | 51 | Chief Legal Officer and Corporate Secretary |
| Timothy Morey | 58 | Chief Sales Officer |
| Kyle Landrum | 34 | Chief Production Officer |
| Directors | | |
| Thad Beshears | 46 | Director |
| George Hackney | 66 | Director |
| Peter Healy | 69 | Director |
| Richard May | 43 | Director |
| Thomas Millner | 67 | Director |
| Michael J. O’Donnell, Sr. | 69 | Director |
| Susan Thronson | 59 | Director |

Executive Officers

Kim Rivers has served as the Chair of the board of directors and as President and Chief Executive Officer since 2015. 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, including as Principal of Inkbridge LLC, an investment firm, since 2011. We believe Ms. Rivers is qualified to serve on our board of directors due to her service as our President and Chief Executive Officer and her substantial experience in the cannabis industry.

Alex D’Amico has served as our Chief Financial Officer since 2020. Mr. D’Amico brings over 20 years of accounting and finance experience in technology, healthcare, entertainment and advertising. He has held several senior finance and executive roles at companies such as Cognizant, where he served as Finance Director from 2015 to 2018, and Telaria, where he served as Vice President of Finance and Controller from 2018 to 2020. Prior to such roles, Mr. D’Amico also held senior finance and executive roles at public companies Quest Diagnostics and Synvista Therapeutics. Mr. D’Amico is a growth-oriented business leader with a unique ability to scale an organization cross-functionally while operating in a public landscape. He has an extensive history of assembling high-powered teams and driving toward strategic initiatives. Mr. D’Amico was a Summa Cum Laude graduate of Rutgers University, where he received his Bachelor of Science degree in Accounting, and is a member of the American Institute of Certified Public Accountants, New Jersey Society of Certified Public Accountants and Financial Executives International.

Eric Powers has served as our Chief Legal Officer (General Counsel until March 2021) and Corporate Secretary since 2019. Prior to joining Trulieve, Mr. Powers spent 13 years, from 2005 to 2018, 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, from 2000 to 2005, and Capell & Howard, from 1994 to 2000, specializing in corporate and tax law. Overall, Mr. Powers brings more than 25 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.

Timothy Morey has served as our Chief Sales Officer since 2019, and previously as our Director of Retail in 2019. 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.

Kyle Landrum has served as our Chief Production Officer since 2019, after being promoted from his position as Cultivation Manager, a position he served in since 2017. As our Chief Production Officer, Mr. Landrum oversees all aspects of our cultivation and processing. Mr. Landrum graduated from the University of Florida with a Bachelor of Science degree in Agriculture Economics and a master's degree in Agricultural Education. Mr. Landrum has demonstrated dedicated leadership experience in the franchise restaurant industry. Before joining Trulieve, Mr. Landrum spent six years, from 2011 to 2017, at Rib, Inc., most recently serving as the Director of Operations, where he managed a team of nearly 200. Cumulatively, Mr. Landrum has over 14 years of experience in management of multi-site operations.

Directors

Thad Beshears has served as a member of our board of directors since 2015. Mr. Beshears is the Co-Owner and Chief Operating Officer of Simpson Nurseries LAA and has served as its President since 2015. He is responsible for all sales operations, production, and inventory tracking for the operation. Mr. Beshears is also the President and owner of Simpson Nurseries of Tennessee since 2013, 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. We believe Mr. Beshears is qualified to serve on our board of directors due to his agricultural and cannabis industry experience.

George Hackney has served as a member of our board of directors since 2015. Mr. Hackney has served as the President and Owner of the Hackney Nursery Inc. in Quincy, Florida since 1991. He has presided over all aspects of the operations of the company. Mr. Hackney has served on several agricultural industry associations' boards, including the National Horticultural Foundation from 2018 to 2020, the Southern Nursery Association from 2006 to 2011, the Wholesale Nursery Growers of America from 2004 to 2008 and the Florida Nursery and Landscape Association from 1997 to 2003, and has earned many honors for his commitment to the industry. Mr. Hackney is a founding member of Trulieve. We believe Mr. Hackney is qualified to serve on our board of directors due to his agricultural and cannabis industry expertise.

Peter Healy has served as a member of our board of directors since 2019. 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, mergers and acquisitions and private equity. His diverse clientele includes both public companies, private equity firms and major investment banking firms in a range of industries, including finance, technology, healthcare, biotechnology, real estate, consumer products, among others. He is currently a Partner at McDermott Will & Emery LLP. He previously was a Partner and Of Counsel at O'Melveny & Myers LLP from 1989 and March of 2020. He holds a Bachelor of Science degree in economics from Santa Clara University, an MBA degree (with distinction) from Cornell University and a JD degree from University of California Hastings. We believe Mr. Healy is qualified to serve on our board of directors due to his experience representing public and private companies in a wide variety of industries.

Richard May has served as a member of our board of directors since 2017. Mr. May is the President and co-owner of May Nursery, Inc., and has been with May Nursery, Inc. since 2002. He has sat on several agricultural industry and community boards, including as director and chairman of the Gadsden County Chamber

of Commerce from 2010 to 2016, as the treasurer and trustee of the Robert F. Munroe Day School from 2012 to 2018 and as a director and president of the Southern Nursery Association from 2010 to 2016. Mr. May graduated from Auburn University with Bachelor of Science degrees in Agricultural Economics and Horticulture. He is a graduate of the Wedgeworth 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. We believe Mr. May is qualified to serve on our board of directors due to his agricultural and cannabis industry expertise.

Thomas Millner has served as a member of our board of directors since 2020. Mr. Millner brings a combination of executive leadership, merchandising and multichannel operational skills, and a strong philanthropic background to Trulieve. Mr. Millner, who has been retired since 2017, was formerly the CEO of Cabela's, a direct marketer and specialty retailer of outdoor recreation merchandise, from 2009 to 2017. Prior to Cabela's, Mr. Millner was president and CEO of North Carolina's Remington Arms Company from 1994 to 2009, an American manufacturer of firearms and ammunition. Since 2014, Mr. Millner has served as a director and the chair of the audit committee of Best Buy, a multinational consumer electronics retailer. Mr. Millner previously served as a director and chair of the audit committee of Stanley Furniture, a furniture manufacturer and retailer from 2001 to 2008, as a director of Total Wine & More, a large, family-owned, privately held American alcohol retailer from 2015 to 2019 and as a director of Menards, a privately held home improvement company, from 2017 to 2019. We believe Mr. Millner is qualified to serve on our board of directors due to his service as an officer and director of large multi-state corporations in the United States.

Michael J. O'Donnell, Sr. has served as a member of our board of directors since 2018, and previously served as an advisor to board of directors from 2015 to 2018. Mr. O'Donnell, retired, was formerly the Executive Director of the Office of Innovation and Entrepreneurship at the University of Central Florida from 2010 to 2019. Mr. O'Donnell also served as a member of the board of directors of JOOX LLC, a digital branding company in the music industry now known as Unitea Music from 2013 to 2019. 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 an Associates in Science in Business Administration from Delta College, 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 has been a co-founder of several cannabis companies, including Trulieve, SACS and 3Jays. We believe Mr. O'Donnell is qualified to serve on our board of directors due to his investment and emerging growth business experience as well as his substantial experience with cannabis companies.

Susan Thronson has served as a member of our board of directors since 2020. Ms. Thronson is an experienced independent director with global digital, ecommerce and loyalty marketing experience. Ms. Thronson held various operational roles at Marriott International from 1989 to 2005, and was Senior Vice President of Global Marketing for Marriott International from 2005 to 2013, leading Marriott's worldwide integrated marketing strategy and execution for its 15 hotel brands. Since 2013, Ms. Thronson has been self-employed as a management consultant. Ms. Thronson formerly served as a director of Angie's List from 2012 to 2017, an internet service company, and SONIC Drive-In from 2015 to 2018, an operator of an American drive-in fast-food restaurant chain based in Oklahoma City, Oklahoma. She has maintained a National Association of Corporate Directors Governance Fellow credential since 2015 and holds a Bachelor of Arts in Journalism from the University of Nevada, Reno. We believe Ms. Thronson is qualified to serve on our board of directors due to her service in the hospitality industry and on the board of directors of corporations with operations across the United States.

Board Composition

Our Articles of Incorporation, as amended to date, which we refer to as our Articles, provide for a minimum of one director and a maximum of 10 directors. Our shareholders have authorized the board of directors, by resolution, to determine the number of directors within the minimum and maximum number of directors set out

in our Articles. Each director holds office until the close of the next annual general meeting of shareholders, or until his or her successor is duly elected or appointed, unless his or her office is earlier vacated. The board of directors currently consists of eight directors. Our business and affairs are managed by or under the direction of the board of directors. Pursuant to the Trulieve Corporate Governance Guidelines, or Guidelines, and a mandate from our board of directors, or Board Mandate, the board of directors may establish one or more committees of the board of directors, however designated, and delegate to any such committee the full power of the board of directors, to the fullest extent permitted by law.

We are not currently subject to listing requirements of any national securities exchange that has requirements that a majority of the board of directors be “independent.” All but one of the eight directors are considered to be independent under the CSA Guidelines and in accordance with National Instrument 52-110—*Audit Committees*, or NI 52-110. Under NI 52-110, an independent director is one who is free from any direct or indirect relationship which could, in the view of the board of directors, be reasonably expected to interfere with such director’s exercise of independent judgment. Our independent directors are Thad Beshears, George Hackney, Peter Healy, Richard May, Thomas Milner, Michael O’Donnell and Susan Thronson. Ms. Rivers is not independent, given that she is our President and Chief Executive Officer.

The board of directors holds regularly scheduled meetings and at such meetings our independent directors meet in executive session. The board of directors has not appointed a lead independent director; instead the presiding director for each executive session is rotated among the chairs of our committees.

The board of directors held 12 meetings and took 7 actions by unanimous written consent during the year ended December 31, 2020. In 2020, each person serving as a director attended at least 75% of the total number of meetings of our board of directors and any committee on which he or she served.

Our directors are expected to attend our Annual Meeting of Shareholders. Any director who is unable to attend our Annual Meeting is expected to notify the Chairman of the board of directors in advance of the Annual Meeting. All of our directors attended the annual meeting in 2020.

Board Committees

At present, the board of directors has three standing committees, the Audit Committee, the Nominating and Corporate Governance Committee and the Compensation Committee. The charters for our committees set forth the scope of the responsibilities of that committee. The board of directors will assess the effectiveness and contribution of each committee on an annual basis. The charters for our committees were adopted by the board of directors in October 2018.

Audit Committee.

In October 2018, the board of directors established an audit committee, or Audit Committee. The Audit Committee is currently comprised of five members: Thomas Millner (Chair), Susan Thronson, Peter Healy, Michael O’Donnell and George Hackney. Each of the members of the Audit Committee meets the independence requirements pursuant to NI 52-110 and each is financially literate within the meaning of NI 52-110.

The Audit Committee operates pursuant to a written charter. The principal duties and responsibilities of the Audit Committee are to assist the board of directors in discharging the oversight of:

- the integrity of our consolidated financial statements and accounting and financial processes and the audits of our consolidated financial statements;
- our compliance with legal and regulatory requirements;
- our external auditors’ qualifications and independence;

- the work and performance of our financial management and our external auditors; and
- our 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 of directors.

In fulfilling its responsibilities, the Audit Committee meets regularly with our auditor and key management members.

The Audit Committee has access to all of our books, records, facilities and personnel and may request any information as it may deem appropriate. It also has the authority to retain and compensate special legal, accounting, financial and other consultants or advisors to advise the Audit Committee. The Audit Committee is responsible for the pre-approval of all non-audit services to be provided by our auditors.

Compensation Committee

In October 2018, the board of directors also established a compensation committee, or Compensation Committee. The Compensation Committee is currently comprised of four members: Susan Thronson (Chair), Peter Healy, Richard May and Thad Beshears. All of the members of the Compensation Committee are independent for purposes of NI 58-101. A director is considered independent for the purposes of NI 58-101 if he or she has no direct or indirect “material relationship” with the issuer, where “material relationship” is defined as a relationship that could, in the view of the issuer’s board of directors, be reasonably expected to interfere with the exercise of a member’s independent judgement.

The Compensation Committee operates pursuant to a written charter. The principal duties and responsibilities of the Compensation Committee are to assist the board of directors in discharging its oversight of:

- executive and director compensation;
- executive compensation disclosure;
- management development and succession;
- administering the Company’s Stock Option Plan, and any other restricted share unit plan or deferred share unit plan that may be in effect from time to time, in accordance with the terms of such plans; and
- any additional matters delegated to the Compensation Committee by the board of directors.

Nominating and Corporate Governance Committee

In October 2018, the board of directors also established a nominating and corporate governance committee, or Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee is currently comprised of four members: Peter Healy (chair), Kim Rivers, Thomas Millner and Thad Beshears. All of the members of the Nominating and Corporate Governance Committee other than Ms. Rivers are independent for purposes of NI 58-101.

The Nominating and Corporate Governance Committee operates pursuant to a written charter. The principal duties and responsibilities of the Nominating and Corporate Governance Committee are to assist the board of directors in discharging its oversight of:

- corporate governance policies and practices;
- corporate governance disclosure;
- the identification of individuals qualified to become new board of directors members and the recommendation of nominees to the board of directors;
- the review and, if appropriate, approval of all related-party transactions;

- the review and assessment of the independence of each of the directors;
- the review of our orientation and continuing education programs for our directors; and
- any additional matters delegated to the Nominating and Corporate Governance Committee by the board of directors.

The Nominating and Corporate Governance Committee will consider all qualified director candidates identified by various sources, including members of the board of directors, management and shareholders. Candidates for directors recommended by shareholders will be given the same consideration as those identified from other sources. The Nominating and Corporate Governance Committee is responsible for reviewing each candidate's biographical information, meeting with each candidate and assessing each candidate's independence, skills and expertise based on a number of factors. While we do not have a formal policy on diversity, when considering the selection of director nominees, the Nominating and Corporate Governance Committee considers individuals with diverse backgrounds, viewpoints, accomplishments, cultural background and professional expertise, among other factors.

Board Oversight of Enterprise Risk

One of the key functions of our board of directors is informed oversight of our risk management process. The board of directors does not have a standing risk management committee and instead administers this oversight function directly through the board of directors as a whole, as well as through various standing committees of our board of directors that address risks inherent in their respective areas of oversight. In particular, our board of directors is responsible for monitoring and assessing strategic risk exposure and our audit committee will have the responsibility to consider and discuss our major financial risk exposures and the steps our management has taken to monitor and control these exposures, including guidelines and policies to govern the process by which risk assessment and management is undertaken. The Audit Committee also monitors compliance with legal and regulatory requirements.

Board Leadership

The board of directors has no policy regarding the need to separate or combine the offices of Chair of the board of directors and President and Chief Executive Officer and instead the board of directors remains free to make this determination from time to time in a manner that seems most appropriate for the Company. The positions of Chair of the board of directors and President and Chief Executive Officer are currently held by Kim Rivers. The board of directors believes the President and Chief Executive Officer is in the best position to direct the independent directors' attention on the issues of greatest importance to the Company and its shareholders. As a result, the Company does not currently have a lead independent director. Our overall corporate governance policies and practices combined with the strength of our independent directors and our internal controls minimize any potential conflicts that may result from combining the roles of Chair and President and Chief Executive Officer.

Corporate Governance Principles and Code of Ethics

The board of directors is committed to sound corporate governance principles and practices. The board of directors' core principles of corporate governance are set forth in the Guidelines, which were adopted by the board of directors in October 2018. In order to clearly set forth our commitment to conduct our operations in accordance with our high standards of business ethics and applicable laws and regulations, the board of directors also adopted a Code of Business Conduct and Ethics, which we refer to as our Code of Ethics, which is applicable to all directors, officers and employees. A copy of the Code of Ethics and the Guidelines are available on our corporate website at <https://investors.trulieve.com/>. You also may obtain a printed copy of the Code of Ethics and Principles by sending a written request to: Investor Relations, Trulieve Cannabis Corp 6749 Ben Bostic Road, Quincy, Florida, 32351.

Compensation Committee Interlocks and Insider Participation

During 2020, our Compensation Committee members were Richard May (Chair), Michael O’Donnell and Thad Beshears, none of whom currently is, or formerly was, an officer or employee of Trulieve. None of our executive officers served as a member of the board of directors or Compensation Committee of any other company that had one or more executive officers serving as a member of our board of directors or Compensation Committee.

Director Compensation

During 2019, we did not pay any compensation to our directors for their service as directors. Beginning in 2020, our board of directors approved the payment of compensation to its non-employee directors in the form of an annual retainer and stock option-based awards. Each non-employee director is paid an annual retainer of \$36,000, provided any non-employee chairman of the board of directors is paid a \$75,000 annual retainer. The chairs of the Compensation Committee and the Nominating and Corporate Governance Committee are paid an additional \$8,000 annual retainer. The chair of the Audit Committee is paid an additional \$12,000 annual retainer. Non-employee, founder directors receive annual stock option awards valued at \$120,000. Non-employee, non-founder directors receive annual stock option awards valued at \$150,000. Directors are reimbursed for any out-of-pocket travel expenses incurred in order to attend meetings of the board of directors, committees of the board of directors or meetings of our shareholders.

The following table sets forth information regarding compensation awarded to, earned by or paid to our non-employee directors in connection with their service for the year ended December 31, 2020. We do not pay any compensation to our President and Chief Executive Officer, who is also the Chair of the board of directors, in connection with her service on our board of directors. See “Executive Compensation” for a discussion of the compensation of Ms. Rivers.

| <u>Name</u> | <u>Fees earned or paid in cash (\$)(1)</u> | <u>Option awards (\$)(2)</u> | <u>Total (\$)</u> |
|-----------------------------------|--|------------------------------|-------------------|
| Thad Beshears | \$36,000 | \$114,265 | \$150,265 |
| George Hackney | \$36,000 | \$114,265 | \$150,265 |
| Peter Healy | \$44,000 | \$142,832 | \$186,832 |
| Richard May | \$36,000 | \$114,265 | \$150,265 |
| Thomas Millner | \$48,000 | \$157,527 | \$205,527 |
| Michael J. O’Donnell, Sr. | \$36,000 | \$114,265 | \$150,265 |
| Susan Thronson | \$44,000 | \$157,527 | \$201,527 |

- (1) Represents amount earned or paid for service as a director during fiscal year 2020.
- (2) Represents the grant date fair value of option awards granted in fiscal year 2020 in accordance with Accounting Standards Codification Topic 718, Compensation—Stock Compensation.

The table below shows the aggregate number of option awards held as of December 31, 2020 by each of our current non-employee directors who was serving as of that date.

| <u>Name</u> | <u>Number of Subordinate Voting Shares Underlying Options Outstanding at December 31, 2020</u> |
|-----------------------------------|--|
| Thad Beshears | 36,787 |
| George Hackney | 36,787 |
| Peter Healy | 45,984 |
| Richard May | 36,787 |
| Thomas Millner | 48,292 |
| Michael J. O’Donnell, Sr. | 36,787 |
| Susan Thronson | 48,292 |

EXECUTIVE COMPENSATION

This section discusses the material components of the executive compensation program offered to our named executive officers, or NEOs, identified below. For 2020, our NEOs were:

- Kim Rivers, our President and Chief Executive Officer
- Alex D’Amico, our Chief Financial Officer; and
- Eric Powers, our Chief Legal Officer

We are an “emerging growth company,” as that term is used in the JOBS Act, and have elected to comply with the reduced compensation disclosure requirements available to emerging growth companies under the JOBS Act.

Summary Compensation Table

The following table provides information regarding compensation earned by our President and Chief Executive Officer and our two most highly compensated executive officers other than our principal executive officer who served during 2020.

| <u>Name and Principal Position</u> | <u>Year</u> | <u>Salary (\$)</u> | <u>Bonus (\$)</u> | <u>Option awards (\$)</u> | <u>Non-equity incentive plan compensation (\$)(1)</u> | <u>All other compensation (\$)(2)</u> | <u>Total (\$)</u> |
|--|-------------|------------------------|-----------------------|-----------------------------------|---|---|-----------------------|
| Kim Rivers(3). <i>President and Chief Executive Officer</i> | 2020 | 323,958 | — | 524,677 | 200,000 | 16,354 | 1,064,989 |
| | 2019 | 290,845 | — | — | 150,000 | 2,905 | 443,750 |
| Alex D’Amico(4). <i>Chief Financial Officer</i> | 2020 | 162,500 | 145,000 | 400,496 | 75,000 | 11,435 | 794,431 |
| | 2019 | — | — | — | — | — | — |
| Eric Powers(5). <i>Chief Legal Officer</i> | 2020 | 200,000 | 15,000 | 259,851 | 40,000 | 27,444 | 542,295 |
| | 2019 | 161,636 | — | — | 30,000 | 2,828 | 194,464 |

- (1) 2020 non-equity incentive plan compensation includes estimated fourth quarter performance bonuses of \$25,000 for Mr. D’Amico and \$10,000 for Mr. Powers, which represent the maximum anticipated performance bonus amounts for the fourth quarter under the terms of their respective employment agreements.
- (2) Includes employer paid portion of premiums for health, dental and vision insurance.
- (3) Ms. Rivers was appointed President and Chief Executive Officer of the Company in September, 2018 upon completion of the Transaction.
- (4) Mr. D’Amico was appointed Chief Financial Officer of the Company in June 2020.
- (5) Mr. Powers was appointed General Counsel of the Company in February 2019 and was appointed Chief Legal Officer in March 2021.

Narrative Disclosure to Summary Compensation Table

We review compensation annually for all of our employees, including our NEOs. In setting executive base salaries and bonuses, we considered compensation for comparable positions in the market, the historical compensation levels of our executives, individual performance as compared to our expectations and objectives, our desire to motivate our employees to achieve short- and long-term results that are in the best interests of our shareholders, and a long-term commitment to us.

Our board of directors has historically determined our executives’ compensation, based upon discussions with management and its discretion. We have begun a review of our executive compensation program, including

the function and design of our equity incentive programs, and the identification of an appropriate peer group of companies for purposes of benchmarking the competitiveness of our executive compensation. Our board of directors will evaluate the need for revisions to our executive compensation program to ensure that our program is competitive with the companies with which we compete for executive talent and that it is appropriate for a public company.

Compensation Components

The executive compensation program during the fiscal year ended December 31, 2020 consisted of three principal components: (i) base salaries; (ii) cash bonuses; and (iii) stock options.

Base Salaries

Base salaries are intended to provide an appropriate level of fixed compensation that will assist in employee retention and recruitment. Base salaries will be determined on an individual basis, taking into consideration the past, current and potential contribution to our success, the position and responsibilities of the NEOs and competitive industry pay practices for other high growth, premium brand companies of similarly sized companies in the industry.

Incentive Compensation and Benefits

Bonuses are awarded based on qualitative and quantitative performance standards and reward performance of each NEO individually. The determination of an NEO's performance may vary from year to year depending on economic conditions and conditions in the industry in which we operate and may be based on measures such as revenue and other operational targets such as dispensaries opened and square footage of canopy space, metrics the Compensation Committee and management believe to provide proper incentives for achieving long-term shareholder value for us at this time. The Compensation Committee and the board of directors retain full discretion over performance evaluation and the amount of any bonuses to be paid to NEOs. For the covered periods, the Compensation Committee authorized Ms. Rivers to set quarterly performance objectives for the NEOs (other than herself) and to determine, in her discretion, the level of achievement with respect to such objectives. The Compensation Committee set annual performance objectives for Ms. Rivers and determined, in its discretion, the level of achievement with respect to such objectives.

Equity-Based Compensation

The long-term component of compensation for executive officers, including the NEOs, is currently based on stock options. This component of compensation is intended to reinforce management's commitment to long-term improvements in our performance.

The board of directors believes that incentive compensation in the form of stock option grants which vest over time is beneficial and necessary to attract and retain both senior executives and managerial talent at other levels. Furthermore, the board of directors believes stock option grants are an effective long-term incentive vehicle because they are directly tied to share price over a longer period, up to 10 years, and motivate executives to deliver sustained long-term performance and increase shareholder value, and have a time horizon that aligns with long-term corporate goals.

In connection with the Transaction, we adopted the Schyan Exploration Inc. Stock Option Plan, or Stock Option Plan. Pursuant to the Stock Option Plan, we may grant equity-based compensation in the form of stock options, or Options, to eligible participants, as more fully described below.

The purpose of the Stock Option Plan is to enable us and certain of our subsidiaries to obtain and retain services of the eligible participants, which is essential to our long-term success. The granting of Options is intended to promote our long-term financial interests and growth by attracting and retaining management and other personnel and key service providers with the training, experience and ability to enable them to make a

substantial contribution to the success of our business. Moreover, the Stock Option Plan aims to align the interests of eligible participants with those of our shareholders through opportunities for increased equity-based ownership. For additional details on the Stock Option Plan, see “*Equity Compensation Plans*”.

Restrictions on Hedging

Our Insider Trading and Reporting Policy prohibits our officers (including the NEOs), directors and employees from buying or selling financial instruments that are designed to hedge or offset a decrease in market value of our equity securities granted as compensation or held, directly or indirectly, by such individuals.

Outstanding Equity Awards at Fiscal Year End

The following table provides information regarding outstanding stock options held by our NEOs as of December 31, 2020.

| <u>Name</u> | <u>Number of securities underlying unexercised options (#) exercisable</u> | <u>Number of securities underlying unexercised options (#) unexercisable</u> | <u>Option exercise price (\$)</u> | <u>Option issuance date</u> | <u>Option expiration date</u> |
|-------------------------|--|--|-----------------------------------|-----------------------------|-------------------------------|
| Kim Rivers(1) | 64,378 | 96,566(2) | \$11.52 | 1/3/2020 | 1/3/2025 |
| Alex D’Amico | 51,511 | 77,266(2) | \$12.50 | 6/1/2020 | 6/1/2025 |
| Eric Powers | 29,230 | 44,145(2) | \$11.52 | 1/3/2020 | 1/3/2025 |

- (1) Excludes warrants to purchase 2,811,159 Subordinate Voting Shares issued to Ms. Rivers in connection with the closing of the Transaction. The warrants have an exercise price of C\$6.00 and are fully vested and exercisable at any time until September 21, 2021.
- (2) 15% of the Subordinate Voting Shares underlying the option were vested on the date of grant and an additional 25% of the Subordinate Voting Shares underlying the option vested on December 31, 2020. The remaining 60% of the Subordinate Voting Shares underlying the option will vest on December 31, 2021.

Employment Agreements, Severance and Change in Control Arrangements

We have entered into employment agreements with the NEOs listed below. The agreements generally provide for at-will employment and set forth the NEO’s initial base salary and eligibility for employee benefits. In addition, each of our NEOs is subject to confidentiality obligations and has agreed to assign to us any inventions developed during the term of their employment.

Agreement with Ms. Rivers

We do not have an employment agreement with Ms. Rivers.

Agreement with Mr. D’Amico

In June 2020, we entered into an employment agreement with Mr. D’Amico. The employment agreement provides for, among other things, an initial base salary of \$300,000 annually and a bonus of up to \$100,000. Mr. D’Amico is also eligible, subject to approval by our board of directors, for annual grants under the Plan of up to \$400,000 in value, with 50% of any such annual grant payable as a threshold amount and the remaining 50% payable upon the same terms as awards granted to the other members of our executive management team. The employment agreement includes standard noncompetition, nonsolicitation and nondisclosure covenants. In the event Mr. D’Amico’s employment is terminated without cause (whether or not in connection with a change in control), Mr. D’Amico is entitled to a severance payment equal to twelve months of his base salary. In addition, upon a change in control, whether or not Mr. D’Amico employment is terminated, any outstanding option award shall vest in full.

Agreement with Mr. Powers

In February 2019, we entered into an employment agreement with Mr. Powers. The employment agreement provides for, among other things, an initial base salary of \$200,000 annually and a bonus of up to 20% of base salary annually. The employment agreement also includes standard noncompetition, nonsolicitation and nondisclosure covenants. In the event Mr. Powers' employment is terminated without cause (whether or not in connection with a change in control), Mr. Powers is entitled to a severance payment equal to six months of his base salary. In addition, upon a change in control, whether or not Mr. Powers employment is terminated, any outstanding option award shall vest in full.

Equity Compensation Plans

The Company implemented the Stock Option Plan following the closing of the Transaction. The Stock Option Plan is administered by the board of directors, or if appointed, by a special committee of directors appointed from time to time by the board of directors. The aggregate number of Subordinate Voting Shares which may be reserved for issue under the Stock Option Plan shall not exceed 10% of the issued and outstanding number of Subordinate Voting Shares on an "as converted" basis. The number of Subordinate Voting Shares subject to an option to a participant shall be determined by the board of directors, but no participant shall be granted an option which exceeds the maximum number of shares permitted by any stock exchange on which the Subordinate Voting Shares are then listed, or other regulatory body having jurisdiction. The exercise price of the Subordinate Voting Shares covered by each option shall be determined by the board of directors, provided however, that the exercise price shall not be less than the price permitted by any stock exchange on which the Subordinate Voting Shares are then listed, or other regulatory body having jurisdiction. The maximum length any option shall be 10 years from the date the option is granted. The Stock Option Plan includes a provision that should an option expiration date fall within a blackout period or immediately following a blackout period, the expiration date will automatically be extended for 10 business days following the end of the blackout period. Under certain, limited circumstances, the board of directors has the absolute discretion to amend or terminate the Stock Option Plan.

CERTAIN RELATIONSHIPS AND RELATED-PERSON TRANSACTIONS

In addition to the executive officer and director compensation arrangements discussed above under “Management—Director Compensation” and “Executive Compensation,” below we describe transactions since January 1, 2017 to which we have been or will be a participant, in which the amount involved in the transaction exceeds or will exceed \$120,000 and in which any of our directors, executive officers, or beneficial holders of more than five percent of any class of our capital stock, or any immediate family member of, or person sharing the household with, any of these individuals, had or will have a direct or indirect material interest.

Related Party Loans

In April 2016, we issued a \$1,000,000 promissory note, or the 2016 Note, to George Hackney, a director and shareholder of the Company, to finance the acquisition of certain tradenames and the professional reputation necessary to obtain our 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, we issued a \$5,000,000 convertible note, or the CTC Note, to Coast to Coast Management LLC, or C2C, an entity controlled by Benjamin Atkins, a former director and shareholder of Trulieve. During the year ended December 31, 2017, C2C and we determined that \$375,000 of the principal amount of the CTC Note was a license fee and such amount was recognized as revenue by 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, 2017, 2018 and 2019, we entered into various promissory notes and lines of credit with C2C and other entities controlled by Benjamin Atkins, a former director and shareholder of Trulieve, to finance the buildout of various dispensary locations. Each promissory note and line of credit bears 8% (with the exception of one promissory note that bears 12% annual interest) annual interest and, depending on the amount, matures between one to three years from initial issuance or drawdown. Pursuant to the terms of the promissory notes and lines of credit, we have paid aggregate principal of \$221,633, \$1,541,134, \$1,520,079 and \$940,828 and interest of \$231,144, \$717,924, \$680,812 and \$393,275 during the years ended December 31, 2017, December 31, 2018, December 31, 2019 and December 31, 2020, respectively. The largest aggregate principal amount outstanding since January 1, 2017 for the promissory notes and lines of credit with C2C and all other entities controlled by Mr. Atkins, including Clearwater GPC (discussed below), is \$12,569,363. As of December 31, 2020, the aggregate outstanding principal amount under the promissory notes with Mr. Atkins and the entities controlled by Mr. Atkins was \$4,011,562, which consists of \$4,000,000 of principal remaining under a promissory note issued to Mr. Atkins with maturity dates ranging from April 2022 through July 2022 and \$11,562 of principal remaining under a promissory note issued to Venice Property Group, LLC that matures on February 28, 2021. All lines of credit previously outstanding have been drawn and have either matured or been repaid, and no such lines of credit remain outstanding.

In September 2017, Trulieve US issued a \$1,300,000 promissory note to a shareholder of the Company, or 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 (discussed below).

In November 2017, Trulieve US issued a \$1,844,596 promissory note to Inkbridge, LLC, the Inkbridge Note, an entity controlled by Kim Rivers, our President and 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 (discussed below).

In April 2018, we borrowed an original principal amount of \$6,000,000 from Clearwater GPC, an entity controlled by Mr. Atkins, evidenced by an unsecured promissory note. The maturity date of the note was April 2, 2020 with interest accruing at 12% per annum. We were required to make monthly interest payments to the lender and all outstanding principal and any unpaid accrued interest was due and payable in full on maturity. The note was paid in full in connection with the Transaction in September 2018. During the term of the note, we made interest payments in the aggregate amount of \$357,616.

In May 2018, we borrowed an aggregate original principal amount of \$12,000,000 evidenced by two unsecured promissory notes, which we refer to as the Traunch Four Note and the Rivers Note and collectively as the Notes. The Traunch Four Note has an original principal amount of \$6,000,000 and was issued to Traunch Four, LLC, an entity whose direct and indirect owners include Kim Rivers, our President and Chief Executive Officer and Chair of the Board, as well as Thad Beshears, Richard May, George Hackney, all of whom are directors of Trulieve, and certain of Richard May's family members. The Rivers Note has an original principal amount of \$6,000,000 and was issued to Kim Rivers. Each Note originally matured on May 24, 2020 and accrues interest at a 12% per annum. Each Note was amended in December 2019 to extend its maturity date one year to May 24, 2021, and all other terms remain unchanged. As of December 31, 2020, an aggregate principal amount of \$6,000,000 remained outstanding under the Traunch Four Note and an aggregate principal amount of \$6,000,000 remained outstanding under the Rivers Note. We have made interest payments in the aggregate amount of \$1,920,000 and \$1,920,000 under the Traunch Four Note and the Rivers Note, respectively.

J.T. Burnette, the spouse of Kim Rivers, our President and Chief Executive Officer and Chair of the board of directors, is a 10% owner of Burnette Construction, or Supplier, that provides construction and related services to us. The Supplier is responsible for the construction of our cultivation and processing facilities, and provides labor, materials and equipment on a cost-plus basis. For the facility located in Holyoke, MA, the Company paid \$2,645,283 as of December 31, 2019 and \$38,964,491 as of December 31, 2020. For the facilities located in Florida, the Company paid \$40,629,981 as of December 31, 2019 and \$53,761,766 as of December 31, 2020. The use of the Supplier was reviewed and approved by the independent members of the board of directors, and all invoices are reviewed by our Chief Legal Officer.

Leases with Related Parties

We lease a cultivation facility in Quincy, Florida from One More Wish, LLC, which is an entity that is directly or indirectly owned by Kim Rivers, our President and Chief Executive Officer and Chair of the board of directors, George Hackney, a member of our board of directors, and Richard May, a member of our board of directors. Pursuant to the terms of the lease, we have paid aggregate rent of \$3,870, \$15,485 and \$15,480 as of December 31, 2018, December 31, 2019 and December 31, 2020, respectively. The total aggregate amount of periodic payments and installments due on or after January 1, 2019 for this lease is \$153,736.

We lease a corporate office facility in Tallahassee, Florida from One More Wish II, LLC, which is an entity that is directly or indirectly owned by Kim Rivers, our President and Chief Executive Officer and Chair of the board of directors, George Hackney, a member of our board of directors, and Richard May, a member of our board of directors. Pursuant to the terms of the lease, we have paid aggregate rent of \$55,088, \$165,297 and \$168,929 as of December 31, 2018, December 31, 2019 and December 31, 2020, respectively. The total aggregate amount of periodic payments and installments due on or after January 1, 2019 for this lease is \$1,646,354.

We lease retail, cultivation, office and training facilities from the following real estate holding companies that are managed and controlled by Mr. Atkins: 1730 Calumet RE Holding, LLC, Beach Office Holdings, LLC, Bradenton 14 RE Holding, LLC, Broward RE Holdings, LLC, Dania RE, LLC, Gainesville 6th Street RE, LLC, HWY 19 RE Group II, LLC, HWY 19 RE Group, LLC, Miami RE Holding Group of CLW, LLC, North Orange Blossom Orlando RE Holding, LLC, Oviedo Executive RE LLC, Palm Coast RE, LLC, PS Prop CO Holdings, RE Beach Jax, LLC, Real Estate Holding Group NPR, LLC, SP 4th RE Holding, LLC, Tall RE Development

LLC, TPA Real Estate 8701 NDM, LLC, Venice Property Group, LLC and Vero FL Commerce RE, LLC. Pursuant to the terms of these leases, we have paid aggregate rent of \$553,368, \$1,980,092, \$3,094,617 and \$3,299,026 as of December 31, 2017, December 31, 2018, December 31, 2019 and December 31, 2020, respectively. The total aggregate amount of periodic payments and installments due on or after January 1, 2019 for these leases is \$21,798,127.

Executive Officer Compensation

See “Executive Compensation” for additional information regarding compensation of our NEOs.

Employment Agreements

We have entered into employment agreements with certain of our NEOs. For more information regarding these agreements, see “Executive Compensation—Employment Agreements, Severance and Change in Control Arrangements.”

Directors’ and Officers’ Liability Insurance

We maintain a general liability insurance policy which covers certain liabilities of directors and officers of our Company arising out of claims based on acts or omissions in their capacities as directors or officers.

Review, Approval or Ratification of Transactions with Related Parties

Our board of directors has adopted written policies and procedures for the review and approval of any transaction, arrangement or relationship between us and a related party by our Nominating and Corporate Governance Committee. Our board of directors plans to amend these policies and procedures to provide for review of any transaction, arrangement or relationship in which we are a participant, the amount involved exceeds \$120,000 and one of our executive officers, directors, director nominees or 5% shareholders, or their immediate family members, each of whom we refer to as a “related person,” has a direct or indirect material interest.

If a related person proposes to enter into such a transaction, arrangement or relationship, which we refer to as a “related person transaction,” the related person will be required to report the proposed related person transaction to our Chief Legal Officer. The amended policy will call for the proposed related person transaction to be reviewed and, if deemed appropriate, approved by our Audit Committee. Whenever practicable, the reporting, review and approval will occur prior to entry into the transaction. If advance review and approval is not practicable, the committee will review, and, in its discretion, may ratify the related person transaction. The amended policy will permit the chairman of the committee to review and, if deemed appropriate, approve proposed related person transactions that arise between committee meetings, subject to ratification by the committee at its next meeting. Any related person transactions that are ongoing in nature will be reviewed at least quarterly.

A related person transaction reviewed under the amended policy will be considered approved or ratified if it is authorized by the committee after full disclosure of the related person’s interest in the transaction. As appropriate for the circumstances, the committee will review and consider:

- the related person’s interest in the related person transaction;
- the approximate dollar value of the amount involved in the related person transaction;
- the approximate dollar value of the amount of the related person’s interest in the transaction without regard to the amount of any profit or loss;
- whether the transaction was undertaken in the ordinary course of our business;

- whether the terms of the transaction are no less favorable to us than terms that could have been reached with an unrelated third party;
- the purpose of, and the potential benefits to us of, the transaction; and
- any other information regarding the related person transaction or the related person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

The committee may approve or ratify the transaction only if the committee determines that, under all of the circumstances, the transaction is in our best interests. The committee may impose any conditions on the related person transaction that it deems appropriate.

In addition to the transactions that are excluded by the instructions to the SEC's related person transaction disclosure rule, we expect board of directors will determine that the following transactions do not create a material direct or indirect interest on behalf of related persons and, therefore, are not related person transactions for purposes of the amended policy:

- Compensation to an executive officer or director if the compensation is required to be reported in our proxy statement pursuant to Item 402 of Regulation S-K or compensation to an executive officer who is not an immediate family member of another related person, if such compensation would have been required to be reported under Item 402 as compensation earned for services provided to us if the executive was a "named executive officer" in the proxy statement and such compensation has been approved, or recommended to our board of directors for approval, by the compensation committee;
- Transactions that are in our ordinary course of business and where the interest of the related person arises only (a) from the related person's position solely as a director of another corporation or organization that is a party to the transaction; (b) from the direct or indirect ownership by such related person and all other related persons, in the aggregate, of less than a 5% equity interest in another person (other than a partnership) which is a party to the transaction; (c) from both such positions described in (a) and such ownership described in (b); or (d) from the related person's position as a limited partner in a partnership in which the related person and all other related persons, in the aggregate, have an interest of less than 5%, and the related person is not a general partner of and does not otherwise exercise control over the partnership;
- Transactions that are in our ordinary course of business and where the interest of the related person arises solely from the ownership of a class of our equity securities and all holders of such class of our equity securities will receive the same benefit on a pro rata basis; and
- Transactions where the rates or charges involved in the transactions are determined by competitive bids.

PRINCIPAL STOCKHOLDERS

The following table provides information regarding the beneficial ownership of our Subordinate Voting Shares, Multiple Voting Shares and Super Voting Shares, as of March 15, 2021, by:

- each person or entity, or group of affiliated persons or entities, known by us to beneficially own more than 5.0% of our Subordinate Voting Shares;
- each of our directors;
- each of our named executive officers; and
- all of our executive officers and directors as a group.

Beneficial ownership is determined in accordance with the rules of the SEC and generally includes voting or investment power with respect to securities. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, any Super Voting Shares, Multiple Voting Shares and Subordinate Voting Shares that a person that are has the right to acquire within 60 days of March 15, 2021 through the exercise of stock options, warrants or other rights are deemed outstanding, but are not deemed outstanding for computing the percentage ownership of any other person. To our knowledge, except as set forth in the footnotes to this table and subject to applicable community property laws, each person named in the table has sole voting and investment power with respect to the shares set forth opposite such person's name. Each shareholder's percentage ownership is based on 63,692,670 Subordinate Voting Shares, 13,213.69 Multiple Voting Shares and 551,614 Super Voting Shares that were issued and outstanding as of March 15, 2021. Except as otherwise indicated, the address of each of the persons in this table is c/o Trulieve Cannabis Corp., 6749 Ben Bostic Road, Quincy, FL 32351.

| Name, Position and Address of Beneficial Owner | Subordinate Voting Shares(1) | | Multiple Voting Shares | | Super Voting Shares | | Total(2) | | Voting(3) |
|--|------------------------------|---|---------------------------|--|---------------------------|---|--|---|--|
| | Number Beneficially Owned | % of Subordinate Voting Shares Beneficially Owned | Number Beneficially Owned | % of Multiple Voting Shares Beneficially Owned | Number Beneficially Owned | % of Super Voting Shares Beneficially Owned | Number of Shares of Capital Stock Beneficially Owned | % of Total Capital Stock Beneficially Owned | % of Voting Capital Stock Beneficially Owned |
| Kim Rivers | 2,924,456 | 4.39% | 9,867 | 74.67% | 159,867 | 28.98% | 19,897,856 | 23.82% | 20.14% |
| Alex D'Amico | 53,010 | * | — | — | — | — | 53,010 | * | * |
| Eric Powers | 29,430 | * | — | — | — | — | 29,430 | * | * |
| Timothy Morey | 29,430 | * | — | — | — | — | 29,430 | * | * |
| Kyle Landrum | 29,430 | * | 86.68 | * | — | — | 38,098 | * | * |
| Thad Beshears(4) | 2,451,787 | 3.85% | — | — | 120,000 | 21.75% | 14,451,787 | 19.08% | 15.08% |
| George Hackney, Sr. | 318,342 | * | — | — | — | — | 318,342 | * | * |
| Peter Healy | 22,992 | * | — | — | — | — | 22,992 | * | * |
| Richard May | 484,768 | * | — | — | — | — | 484,768 | * | * |
| Thomas Millner | 24,146 | * | — | — | — | — | 24,146 | * | * |
| Michael J. O'Donnell, Sr.(5) | 1,681,243 | 2.61% | — | — | 26,991 | 4.89% | 4,380,343 | 6.52% | 4.02% |
| Susan Thronson(6) | 28,743 | * | — | — | — | — | 28,743 | * | * |
| All directors and executive officers as a group | 8,077,777 | 11.93% | 9,953.68 | 75.33% | 306,858 | 55.63% | 39,758,945 | 40.01% | 39.28% |
| Shade Leaf Holding, LLC(7) | — | — | — | — | 98,152 | 17.79% | 9,815,200 | 13.35% | 11.20% |
| Telogia Pharm, LLC(8) | — | — | — | — | 101,333 | 18.37% | 10,133,300 | 13.73% | 11.56% |

* Indicates percentage of less than 1.0%

- (1) Includes Subordinate Voting Shares subject to stock options that are or become exercisable within 60 days of March 15, 2021 and shares underlying warrants exercisable within 60 days of March 15, 2021 as follows:

| | <u>Stock Options</u> | <u>Warrants</u> |
|--------------------------------|--------------------------|-----------------|
| Kim Rivers | 64,377 | 2,811,159 |
| Alex D'Amico | 51,510 | — |
| Eric Powers | 29,430 | — |
| Timothy Morey | 29,430 | — |
| Kyle Landrum | 29,430 | — |
| Thad Beshears | 36,787 | — |
| George Hackney, Sr. | 36,787 | — |
| Peter Healy | 22,992 | — |
| Richard May | 36,787 | — |
| Thomas Millner | 24,146 | — |
| Michael J. O'Donnell, Sr. | 36,787 | 761,356 |
| Susan Thronson | 24,146 | — |

- (2) Total share values are on an as-converted basis. Super Voting Shares convert into Multiple Voting Shares on a one-for-one basis and Multiple Voting Shares convert into Subordinate Voting Shares on a one-for-one hundred basis.
- (3) The voting percentages differ from the beneficial ownership percentages because Trulieve's securities have different voting rights. Holders of Super Voting Shares are entitled to two votes in respect of each Subordinate Voting Share into which such Super Voting Share can be converted (200 votes per Super Voting Share). Holders of Multiple Voting Shares are entitled to one vote in respect of each Subordinate Voting Share into which such Multiple Voting Share can be converted (100 votes per Multiple Voting Share).
- (4) Includes 75,000 Super Voting Shares held by The Beshears 2020 Trust DTD 07/07/2020 over which Mr. Beshears may be deemed to exercise voting and investment control. Mr. Beshears disclaims beneficial ownership of the shares of capital stock held by The Beshears 2020 Trust DTD 07/07/2020, except to the extent of his pecuniary interest therein.
- (5) Includes 761,356 Subordinate Voting Shares underlying outstanding warrants held by The Michael J. O'Donnell Revocable Trust Dated November 4, 1992, as amended and restated, and 863,100 Subordinate Voting Shares and 26,991 Super Voting Shares held by MOD Ventures LLC over which Mr. O'Donnell may be deemed to exercise voting and investment control. Mr. O'Donnell disclaims beneficial ownership of the shares of capital stock held by MOD Ventures LLC, except to the extent of his pecuniary interest therein.
- (6) Includes 4,597 Subordinate Voting Shares held by THRONSON FAMILY TRUST UA JUL 21, 2014 over which Ms. Thronson, as a trustee, may be deemed to exercise voting and investment control. Ms. Thronson disclaims beneficial ownership of the shares of capital stock held by THRONSON FAMILY TRUST UA JUL 21, 2014, except to the extent of her pecuniary interest therein.
- (7) William G Jones is the manager of Shade Leaf Holding LLC and he has voting and investment power over the shares of capital stock held by such entity. William G Jones disclaims beneficial ownership of the shares of capital stock held by Shade Leaf Holding LLC, except to the extent of his pecuniary interest therein. William G Jones is located in Tallahassee, Florida. Richard May, a director of the Company, has a pecuniary interest in the shares of capital stock held by Shade Leaf Holding LLC.
- (8) William G Jones is the manager of Telogia Pharm LLC and he has voting and investment power over the shares of capital stock held by such entity. William G Jones disclaims beneficial ownership of the shares of capital stock held by Telogia Pharm, LLC, except to the extent of his pecuniary interest therein. William G Jones is located in Tallahassee, Florida. George Hackney, Sr., a director of the Company, has a pecuniary interest in the shares of capital stock held by Telogia Pharm LLC.

DESCRIPTION OF CAPITAL STOCK

We are authorized to issue an unlimited number of Subordinate Voting Shares and an unlimited number of Multiple Voting Shares. We have no Super Voting Shares outstanding. All of our outstanding Super Voting Shares automatically converted into Multiple Voting Shares on March 21, 2021 and, following that conversion, we may not issue additional Super Voting Shares. The outstanding capital stock as of December 31, 2020 consists of: (i) 59,952,461 Subordinate Voting Shares; (ii) 14,390.37 Multiple Voting Shares; and (iii) 581,825 Super Voting Shares. In addition, as of December 31, 2020, there were outstanding warrants to purchase an aggregate of 9,091,461 Subordinate Voting Shares and outstanding options to purchase an aggregate of 1,129,779 Subordinate Voting Shares. The following summary description of our capital shares is based on the provisions of our Articles. This information is qualified entirely by reference to the applicable provisions of our Articles. For information on how to obtain copies of our Notice of Articles and Articles, which are exhibits to the registration statement of which this prospectus is a part, see “Where You Can Find More Information.”

Subordinate Voting Shares

Voting Rights. Holders of the Subordinate Voting Shares are entitled to notice of and to attend any meeting of our shareholders, except a meeting of which only holders of another particular class or series of shares 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, we may not, without the consent of the holders of the Subordinate Voting Shares by separate special resolution, prejudice or interfere with any special right attached to the Subordinate Voting Shares. A special resolution means either (a) a resolution approved by two-thirds of the votes cast on the resolution at a properly called meeting of the shareholders, or (b) a resolution approved in writing by all of the shareholders holding shares that carry the right to vote on the matter at a shareholders meeting. Special rights and restrictions of the Subordinate Voting Shares consist of the following special rights and restrictions included in Article 27 of the Articles and summarized herein: (i) Voting, (ii) Alteration to Rights of Subordinate Voting Shares, (iii) Dividends, (iv) Liquidation, Dissolution or Winding-Up, (v) Rights to Subscribe; Pre-Emptive Rights and (vi) Subdivision or Consolidation.

Dividends. Holders of Subordinate Voting Shares are entitled to receive as and when declared by the directors, dividends in cash or our property. No dividend will be declared or paid on the Subordinate Voting Shares unless we simultaneously declare or pay, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Multiple Voting Shares.

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

Subdivision or Consolidation. No subdivision or consolidation of the Subordinate Voting Shares or Multiple Voting Shares shall occur unless, simultaneously, the Subordinate Voting Shares and Multiple 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

We have no Super Voting Shares outstanding. All of our outstanding Super Voting Shares automatically converted into Multiple Voting Shares on March 21, 2021 and, following that conversion, we may not issue additional Super Voting Shares.

Multiple Voting Shares

Voting Rights. Holders of Multiple Voting Shares are entitled to notice of and to attend at any meeting of our shareholders, except a meeting of which only holders of another particular class or series of shares 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 (100 votes per Multiple Voting Share based on the current Conversion Ratio).

Alteration to Rights of Multiple Voting Shares. As long as any Multiple Voting Shares remain outstanding, we may not, without the consent of the holders of the Multiple Voting Shares by separate special resolution, prejudice or interfere with any 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. A special resolution means either (a) a resolution approved by two-thirds of the votes cast on the resolution at a properly called meeting of the shareholders, or (b) a resolution approved in writing by all of the shareholders holding shares that carry the right to vote on the matter at a shareholders meeting. Special rights and restrictions of the Multiple Voting Shares consist of the following special rights and restrictions included in Article 29 of the Articles and summarized herein: (i) Voting, (ii) Alteration to Rights of Multiple Voting Shares, (iii) Dividends, (iv) Liquidation, Dissolution or Winding-Up, (v) Rights to Subscribe; Pre-Emptive Rights and (vi) Conversion.

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 we simultaneously declare or pay, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Subordinate Voting Shares.

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

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 now or in the future.

Conversion. Subject to the Conversion Restrictions described below, holders of Multiple Voting Shares Holders have the following 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 as described below.

- (ii) **Conversion Limitations.** The Company 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 Company 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 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 and Multiple Voting Shares issued and outstanding after giving effect to such conversions (the “FPI Protective Restriction”); provided the board of directors may, by resolution, increase the 40% Threshold to an amount not to exceed 50%. As of a date within 30 days of the filing of this registration statement and June 30, 2020, we ceased to qualify as a foreign private issuer. In addition, as of such dates, the aggregate number of Subordinate Voting Shares and Multiple Voting Shares held of record, directly or indirectly, by U.S. Residents exceeded 50% of the aggregate number of Subordinate Voting Shares and Multiple Voting Shares issued and outstanding. Because the 40% Threshold has been exceeded and the Company has ceased to qualify as a foreign private issuer, the Company’s board of directors adopted a resolution in June 2020 permitting Multiple Voting Shares to convert into Subordinate Voting Shares at the election of each holder of Multiple Voting Shares.
- (iii) **Mandatory Conversion.** We may require each holder of Multiple 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 Company is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act; 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).

Because we are not registering for resale the Subordinate Voting Shares issuable upon conversion of all of the Multiple Voting Shares, we do not currently plan to require each holder of Multiple Voting Shares to convert their Multiple Voting Shares into Subordinate Voting Shares. Following any mandatory conversion of the Multiple Voting Shares, there will be a substantial increase in the number of outstanding Subordinated Voting Shares, which will result in dilution to existing holders of our Subordinated Voting Shares.

- (iv) **Anti-Dilution.** The Multiple Voting Shares are subject to standard anti-dilution adjustments in the event the Company 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. In the event such an anti-dilution adjustment occurs, it shall be effected by adjusting the Conversion Ratio applicable to the Multiple Voting Shares at such time. As a result, holders of Multiple Voting Shares shall be entitled to (i) a proportionate share of any distribution as though they were holders of the number of Subordinate Voting Shares into which their Multiple Voting Shares are convertible as of the record date fixed for determination of the holders of Subordinate Voting Shares entitled to receive such distribution and (ii) receive, upon conversion of Multiple Voting Shares, the number of Subordinate Voting Shares or other securities or property of the Company or otherwise, to which a holder of Subordinate Voting Shares deliverable upon conversion would have been entitled in connection with a recapitalization or stock split.

- (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.

Note Warrants

We issued warrants to purchase an aggregate of 1,470,000 Subordinate Voting Shares, which we refer to as the June Warrants, on June 18, 2019 and warrants to purchase an aggregate of 1,560,000 Subordinate Voting Shares, which we refer to as the November Warrants and together with the June Warrants as 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, and which we refer to, as so supplemented, as the Warrant Indenture,) between us and Odyssey Trust Company, or the Warrant Agent, as warrant agent thereunder. Each Warrant entitles the holder thereof to purchase one Subordinate Voting Share 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 resulting in any reclassification, or change of the Subordinate Voting Shares into other shares, or (c) any sale, lease, exchange or transfer our 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, we 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.

Registration Rights

In connection with the closing of our acquisition of PurePenn on November 12, 2020, we entered into registration rights agreements with certain of our shareholders pursuant to which we agreed to register for resale

the Subordinate Voting Shares issued to such shareholders at the closing of the acquisition. All of the Subordinate Voting Shares covered under the PurePenn agreements (other than any Subordinate Voting Shares issuable upon achievement of the earnouts, if any) have been included in a registration statement on Form S-1 that was declared effective on February 4, 2021. We paid the expenses incurred in connection with the filing of that registration statement.

In connection with our pending acquisitions of certain assets from Patient Centric of Martha's Vineyard Ltd., or PCMV, and Nature's Remedy of Massachusetts, Inc., or Nature's Remedy, we agreed to register the Subordinate Voting Shares issuable to PCMV and Nature's Remedy at the closing of the acquisitions. We expect to file one or more resale registration statements to register the Subordinate Voting Shares to be issued to PCMV and Nature's Remedy following the closing of the acquisitions. In each case, we will bear the expenses incurred in connection with the filing of any such registration statement.

Lock-up Agreements

In connection with the closing of our acquisitions of PurePenn and Solevo Wellness on November 12, 2020, we entered into lock-up agreements with the shareholders who participated in those transactions. Such lock-up agreements restrict the sale of the Subordinate Voting Shares that we issued in connection with the closing of such acquisitions by those parties for periods of six, twelve and eighteen months, in each case with respect to one third of the Subordinate Voting Shares issued to the shareholders.

In connection with this offering, our officers, directors and certain securityholders have each entered into a lock-up agreement with the underwriters of this offering that restricts the sale of our Subordinate Voting Shares by those parties for a period of 90 days after the date of this prospectus. Canaccord Genuity, may, in their sole discretion, choose to release any or all of the Subordinate Voting Shares subject to these lock-up agreements at any time prior to the expiration of the lock-up period without notice. For more information, see "Underwriting."

Restrictions on the Use of Rule 144 by Shell Companies or Former Shell Companies

Rule 144 is not available for the resale of securities initially issued by shell companies (other than business combination related shell companies) or issuers that have been at any time previously a shell company. However, Rule 144 also includes an important exception to this prohibition if the following conditions are met:

- the issuer of the securities that was formerly a shell company has ceased to be a shell company;
- the issuer of the securities is subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act;
- the issuer of the securities has filed all Exchange Act reports and material required to be filed, as applicable, during the preceding 12 months (or such shorter period that the issuer was required to file such reports and materials), other than Form 8-K reports; and
- at least one year has elapsed from the time that the issuer filed current Form 10 type information with the SEC reflecting its status as an entity that is not a shell company.

As of January 31, 2021, we had 62,979,294 Subordinate Voting Shares outstanding and 56,600,437 Subordinate Voting Shares were issuable upon conversion of outstanding Multiple Voting Shares and Super Voting Shares. In addition, as of January 31, 2021, we had 9,085,728 Subordinate Voting Shares issuable upon exercise of outstanding warrants and 1,475,043 Subordinate Voting Shares issuable upon exercise of outstanding options. We have previously registered for re-sale on a registration statement on Form S-1 (declared effective on February 4, 2021) an aggregate of 74,733,058 Subordinate Voting Shares. We plan to file a registration statement on Form S-8 registering the Subordinate Voting Shares subject to outstanding options as well as a defined number of Subordinate Voting Shares reserved for future issuance under the Stock Plan. The 48,693,172 Subordinate Voting Shares not registered for resale on the previously filed registration statement on Form S-1

and that will not be covered by the planned registration statement on Form S-8 are restricted securities under Rule 144 and will not be eligible for resale pursuant to Rule 144 until February 5, 2022. However, any Subordinate Voting Shares issued prior to January 1, 2021 (the date we ceased to qualify as a foreign private issuer), will be eligible for resale offshore pursuant to Rule 904 of Regulation S.

Provisions of British Columbia Law Governing Business Combinations

All provinces of Canada have adopted National Instrument 62-104 entitled “Take-Over Bids and Issuer Bids” and related forms to harmonize and consolidate take-over bid and issuer bid regimes nationally, or NI 62-104. The Canadian Securities Administrators, or CSA, have also issued National Policy 62-203 entitled “Take-Over Bids and Issuer Bids,” or the National Policy, which contains regulatory guidance on the interpretation and application of NI 62-104 and on the conduct of parties involved in a bid. The National Policy and NI 62-104 are collectively referred to as the “Bid Regime.” The National Policy does not have the force of law, but is an indication by the CSA of what the intentions and desires of the regulators are in the areas covered by their policies. Unlike some regimes where the take-over bid rules are primarily policy-driven, in Canada the regulatory framework for take-over bids is primarily rules-based, which rules are supported by policy.

A “take-over bid” or “bid” is an offer to acquire outstanding voting or equity securities of a class made to any person who is in one of the provinces of Canada or to any securityholder of an offeree issuer whose last address as shown on the books of a target is in such province, where the securities subject to the offer to acquire, together with the securities “beneficially owned” by the offeror, or any other person acting jointly or in concert with the offeror, constitute in the aggregate 20% or more of the outstanding securities of that class of securities at the date of the offer to acquire. For the purposes of the Bid Regime, a security is deemed to be “beneficially owned” by an offeror as of a specific date if the offeror is the beneficial owner of a security convertible into the security within 60 days following that date, or has a right or obligation permitting or requiring the offeror, whether or not on conditions, to acquire beneficial ownership of the security within 60 days by a single transaction or a series of linked transactions. Offerors are also subject to early warning requirements, where an offeror who acquires “beneficial ownership of”, or control or direction over, voting or equity securities of any class of a reporting issuer or securities convertible into, voting or equity securities of any class of a target that, together with the offeror’s securities, would constitute 10% or more of the outstanding securities of that class must promptly publicly issue and file a news release containing certain prescribed information, and, within two business days, file an early warning report containing substantially the same information as is contained in the news release.

In addition, where an offeror is required to file an early warning report or a further report as described and the offeror acquires or disposes of beneficial ownership of, or the power to exercise control or direction over, an additional 2% or more of the outstanding securities of the class, or disposes of beneficial ownership of outstanding securities of the class below 10%, the offeror must issue an additional press release and file a new early warning report. Any material change in a previously filed early warning report also triggers the issuance and filing of a new press release and early warning report. During the period commencing on the occurrence of an event in respect of which an early warning report is required and terminating on the expiry of one business day from the date that the early warning report is filed, the offeror may not acquire or offer to acquire beneficial ownership of any securities of the class in respect of which the early warning report was required to be filed or any securities convertible into securities of that class. This requirement does not apply to an offeror that has beneficial ownership of, or control or direction over, securities that comprise 20% or more of the outstanding securities of the class.

Related party transactions, issuer bids and insider bids are subject to additional regulation that may differ depending on the particular jurisdiction of Canada in which it occurs.

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

Other Important Provisions in our Articles

The following is a summary of certain important provisions of our articles of incorporation. Please note that this is only a summary, is not intended to be exhaustive and is qualified in its entirety by reference to our articles. For further information, please refer to the full version of our articles which have been filed as exhibits to the registration statement of which this prospectus forms a part.

Objects and Purposes of the Company

Our articles do not contain and are not required to contain a description of our objects and purposes. There is no restriction contained in our articles of incorporation on the business that we may carry on.

General Borrowing Power

Pursuant to our articles, our board of directors may: (i) borrow money in the manner and amount, on the security, from the sources, and on the terms and conditions that our directors consider appropriate; (ii) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of our company or any other person and at such discounts or premiums and on such other terms as our directors consider appropriate; (iii) guarantee the repayment of money by any other person or the performance of any other obligation by any other person; and (iv) mortgage, charge, whether by way of a specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of our company.

Advance Notice Provisions

Pursuant to section 26.1 of our articles 3 relating to the advance notice of nominations of directors, which we refer to as the Advance Notice Provisions, shareholders seeking to nominate candidates for election as directors other than pursuant to a proposal or requisition of shareholders made in accordance with the provisions of the Business Corporations Act (British Columbia), must provide timely written notice to our Corporate Secretary. To be timely, a shareholder's notice must be received (i) in the case of an annual meeting of shareholders, not less than 35 days prior to the date of the annual meeting of shareholders; provided, however, that in the event that the annual meeting of shareholders is to be held on a date that is less than 50 days after the date on which the first public announcement of the date of the annual meeting was made, notice by the shareholder must be received not later than the close of business on the 10th day following the date of such public announcement; and (ii) in the case of a special meeting (which is not also an annual meeting) of shareholders called for any purpose which includes the election of directors to the board of directors, not later than the close of business on the 15th day following the day on which the first public announcement of the date of the special meeting was made. The Advance Notice Provisions also prescribes the proper written form for a shareholder's notice.

Share Rights

See the discussion in the section of this prospectus entitled "Description of Capital Stock" for a summary of our authorized capital and the rights attached to our super voting shares, multiple voting shares and subordinate voting shares.

Quorum

Under our articles, the quorum for the transaction of business at a meeting of our board of directors is a majority of the number of directors or the minimum number of directors required by our articles of incorporation or by a resolution of the shareholders. Under our articles, the quorum for the transaction of business at a meeting of our shareholders is two persons who are, or who represent by proxy, shareholders entitled to vote at the meeting, who hold in the aggregate, at least 5% of our issued shares entitled to vote at such meeting.

Impediments to Change of Control

Our articles of incorporation do not contain any change of control limitations with respect to a merger, acquisition or corporate restructuring that involves us.

Ownership and Exchange Controls

Limitations on the ability to acquire and hold our shares may be imposed by the Competition Act (Canada). This legislation establishes a pre-merger notification regime for certain types of merger transactions that exceed certain statutory shareholding and financial thresholds. Transactions that are subject to notification cannot be closed until the required materials are filed and the applicable statutory waiting period has expired or been waived by the Commissioner of Competition, or the Commissioner. Further, the Competition Act (Canada) permits the Commissioner to review any acquisition of control over or of a significant interest in our company, whether or not it is subject to mandatory notification. This legislation grants the Commissioner jurisdiction, for up to one year, to challenge this type of acquisition before the Canadian Competition Tribunal if it would, or would be likely to, substantially prevent or lessen competition in any market in Canada.

DESCRIPTION OF CERTAIN INDEBTEDNESS

2024 Notes

We issued US\$70,000,000 aggregate principal amount of senior secured notes, which we refer to as the June Notes, on June 18, 2019 and US\$60,000,000 aggregate principal amount of senior secured notes, which we refer to as the November Notes, on November 7, 2019. The June Notes and the November Notes, which we refer to collectively as 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, or the Note Indenture, dated June 18, 2019, between us and Odyssey Trust Company or the Trustee, as trustee thereunder. 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 of our existing and future Subordinated Indebtedness (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. The 2024 Notes are secured by a general security interest in our assets (other than the shares of our unrestricted subsidiaries which currently consist of all subsidiaries other than Trulieve US) and a pledge of the shares of our restricted subsidiaries (which currently consists only of Trulieve US). The holders of the 2024 Notes also have a lien over the assets of the restricted subsidiaries (which currently consists only of Trulieve US) in certain instances that will rank *pari passu* with any future liens, other than certain permitted liens.

At any time and from time to time prior to June 18, 2021, we 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 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). The Applicable Premium means, with respect to any 2024 Note on any redemption date, the greater of: (a) 1.0% of the principal of the 2024 Note that is to be prepaid pursuant to an optional redemption; and (b) the excess of: (i) the discounted value at such redemption date of the remaining scheduled payments of the 2024 Note; over (ii) the principal of the 2024 Note that is to be prepaid pursuant to an optional redemption. At any time prior to June 18, 2021, we 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; 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 us or our affiliates, and (ii) the redemption occurs within 90 days of the date of the closing of such Equity Offering. An Equity Offering is defined to include (i) a public or private offer and sale of our capital stock (other than (a) capital stock made to any subsidiary, (b) disqualified stock or (c) equity securities issuable under any employee benefit plan) to any person (other than a subsidiary) or (ii) a contribution to our equity capital by any person (other than a subsidiary).

If a Change of Control occurs, we 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, which we refer to as a Change of Control Offer. A Change of Control is defined to include the occurrence of one of the following events: (a) the sale, lease, exchange or other transfer of all or substantially all of our and our restricted subsidiaries' assets, taken as a whole; (b) any person or group of persons, acting jointly or in concert, is or becomes the beneficial owner, directly or indirectly, of more than 50% of our voting stock; or (c) the adoption of a plan relating to our liquidation or dissolution. No later than 30 days following a Change of Control, we (or a third party in lieu of us) are required to mail to each 2024 Note holder the Change of Control Offer consisting of a notice describing the transaction or transactions that constitute the Change of Control, an offer to repurchase the 2024 Notes on the repurchase date specified in such notice, which

date will be no earlier than 15 days and no later than 60 days from the date such notice is mailed, and a description of the procedures that 2024 Note holders must follow in order to tender 2024 Notes (or portions thereof) for payment and to withdraw an election to tender 2024 Notes (or portion thereof) for payment. A Change of Control Offer by us, or by any third party making a Change of Control Offer in lieu of us, may be made in advance of a Change of Control, conditional upon such Change of Control if a definitive agreement is in place for the Change of Control at the time of making the Change of Control Offer. In the Change of Control Offer, we 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 we, or any third party making a Change of Control Offer in lieu of us, purchases all of the 2024 Notes validly tendered and not withdrawn by such holders, we 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.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS FOR UNITED STATES RESIDENTS

The following is, at the date hereof, a summary of certain Canadian federal income tax considerations generally applicable to a holder of Subordinate Voting Shares and who, at all relevant times, (A) for the purposes of the *Income Tax Act* (Canada), or the Canadian Tax Act, (i) is not resident, or deemed to be resident, in Canada, (ii) deals at “arm’s length” with, and is not “affiliated” with, the Company, (iii) holds all Subordinate Voting Shares as capital property, (iv) does not use or hold any of the Subordinate Voting Shares in the course of carrying on, or otherwise in connection with, a business carried on or deemed to be carried on in Canada and (v) is not a “registered non-resident insurer” or “authorized foreign bank” (each as defined in the Canadian Tax Act), or other holder of special status, and (B) for the purposes of the Canada-U.S. Tax Convention (1980), or the Tax Treaty, (i) is a resident of the United States, (ii) has never been a resident of Canada, (iii) does not have and has not had, at any time, a permanent establishment or fixed base in Canada, and (iv) who otherwise qualifies for the full benefits of the Tax Treaty. Holders of Subordinate Voting Shares who meet all of the above criteria are referred to herein as “U.S. Holders”, and this summary only addresses such U.S. Holders.

This summary does not apply to a U.S. Holder: (i) that is a “financial institution” for purposes of the “mark-to-market” rules in the Canadian Tax Act; (ii) that is a “specified financial institution” (as defined in the Canadian Tax Act); (iii) that is a partnership; (iv) an interest in which would be a “tax shelter investment” (as defined in the Canadian Tax Act); (v) that has entered or will enter into, in respect of any of the Subordinate Voting Shares, a “synthetic disposition arrangement” or a “derivative forward agreement” (as those terms are defined in the Canadian Tax Act); or (vi) that will receive dividends on any Subordinate Voting Shares under or as part of a “dividend rental arrangement” (as defined in the Canadian Tax Act). **Such U.S. Holders should consult with their own tax advisors to determine the particular Canadian federal income tax consequences to them of holding Subordinate Voting Shares.**

This summary is based on the current provisions of the Canadian Tax Act in force as of the date hereof, the regulations thereunder in force at the date hereof, or the Regulations, the current provisions of the Tax Treaty, in force as of the date hereof, and our understanding of the administrative policies and assessing practices of the Canada Revenue Agency published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Canadian Tax Act and Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof, which we refer to as the Proposed Amendments, and assumes that such Proposed Amendments will be enacted in the form proposed. However, such Proposed Amendments might not be enacted in the form proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative or assessing practices, whether by legislative, governmental or judicial decision or action, nor does it take into account tax laws of any province or territory of Canada or of any other jurisdiction outside Canada, which may differ significantly from those discussed in this summary.

For the purposes of the Canadian Tax Act, all amounts relating to the acquisition, holding or disposition of Subordinate Voting Shares generally must be converted into Canadian dollars, including dividends, adjusted cost base and proceeds of disposition, using the single daily exchange rate as quoted by the Bank of Canada for the relevant day, or such other rate of exchange that is acceptable to the Canada Revenue Agency.

THIS SUMMARY IS OF A GENERAL NATURE ONLY AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR U.S. HOLDER, AND NO REPRESENTATION WITH RESPECT TO THE CANADIAN FEDERAL INCOME TAX CONSEQUENCES TO ANY PARTICULAR U.S. HOLDER OR PROSPECTIVE U.S. HOLDER IS MADE. THIS SUMMARY IS NOT EXHAUSTIVE OF ALL CANADIAN FEDERAL INCOME TAX CONSIDERATIONS. ACCORDINGLY, ALL PROSPECTIVE HOLDERS (INCLUDING U.S. HOLDERS AS DEFINED ABOVE) SHOULD CONSULT WITH THEIR OWN TAX ADVISORS FOR ADVICE WITH RESPECT TO THEIR OWN PARTICULAR CIRCUMSTANCES.

Withholding Tax on Dividends

Amounts paid or credited or deemed to be paid or credited as, on account or in lieu of payment of, or in satisfaction of, dividends on Subordinate Voting Shares to a U.S. Holder will be subject to Canadian withholding tax. Under the Canadian Tax Act, the rate of withholding is 25% of the gross amount of the dividend. Under the Tax Treaty, the withholding tax rate on any such dividend beneficially owned by a U.S. Holder is generally reduced to 15% or, in the case of an eligible U.S. Holder that is a U.S. company that beneficially owns at least 10% of the voting stock of the Company, to 5% of the gross amount of such dividends.

Dispositions of Subordinate Voting Shares

A U.S. Holder who disposes, or is deemed to have disposed, of Subordinate Voting Shares will not be subject to income tax under the Canadian Tax Act in respect of any capital gain realized on such disposition or deemed disposition unless, at the time of such disposition or deemed disposition, the Subordinate Voting Shares are or are deemed to be “taxable Canadian property” (as defined in the Canadian Tax Act) to the U.S. Holder, and the gain is not exempt from tax pursuant to the terms of the Tax Treaty.

Provided that the Subordinate Voting Shares are listed on a “designated stock exchange” as defined in the Canadian Tax Act (which currently includes the CSE) at the time of disposition, the Subordinate Voting Shares will generally not constitute taxable Canadian property of U.S. Holder at that time, unless at any time during the 60-month period immediately preceding the disposition, the following two conditions are met: (a) one or any combination of (i) the U.S. Holder, (ii) persons with whom the U.S. Holder did not deal at arm’s length, or (iii) partnerships in which the U.S. Holder or such non-arm’s length persons held a membership interest (either directly or indirectly through one or more partnerships), owned 25% or more of the issued shares of any class or series of the capital stock of the Company; and (b) more than 50% of the fair market value of the Subordinate Voting Shares was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, “Canadian resource properties” (as defined in the Canadian Tax Act), “timber resource properties” (as defined in the Tax Act) or an option in respect of, an interest in, or for civil law purposes, a right in, any such property, whether or not such property exists. The Subordinate Voting Shares may also be deemed to be taxable Canadian property to a U.S. Holder for purposes of the Canadian Tax Act in certain circumstances.

Non-Resident Holders whose Common Shares are taxable Canadian property should consult their own tax advisors.

CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following is a general discussion of the material U.S. federal income tax considerations related to the purchase, ownership and disposition of Subordinate Voting Shares. This discussion is for general information only and is not tax advice. Accordingly, all prospective holders of our Subordinate Voting Shares should consult their tax advisors with respect to the U.S. federal, state, local and non-U.S. tax consequences of the purchase, ownership and disposition of our Subordinate Voting Shares.

This discussion is based on current provisions of the IRC, existing and proposed U.S. Treasury Regulations promulgated thereunder, current administrative rulings and judicial decisions, all as in effect as of the date of this prospectus, all of which are subject to change or to differing interpretation, possibly with retroactive effect. Any change could alter the tax consequences to holders described in this prospectus. We assume in this discussion that a holder holds our Subordinate Voting Shares as a “capital asset” within the meaning of Section 1221 of the IRC (generally, property held for investment).

This discussion does not address all aspects of U.S. federal income taxation that may be relevant to a particular holder in light of that holder’s individual circumstances nor does it address, except to the limited extent discussed below, any aspects of U.S. federal estate or gift taxes, or state, local or non-U.S. taxes. This discussion also does not consider any specific facts or circumstances that may apply to a holder and does not address the special tax rules applicable to particular holders, such as:

- banks;
- insurance companies;
- tax-exempt or governmental organizations;
- financial institutions;
- brokers or dealers in securities or currencies;
- regulated investment companies;
- pension plans;
- controlled foreign corporations;
- passive foreign investment companies;
- persons subject to the U.S. federal alternative minimum tax or the 3.8% tax on net investment income;
- owners that hold our Subordinate Voting Shares as part of a straddle, hedge, conversion transaction, synthetic security or other integrated investment;
- persons that acquired our Subordinate Voting Shares through the exercise of employee stock options or otherwise as compensation or through a tax-qualified retirement plan; and
- certain U.S. expatriates.

In addition, this discussion does not address the tax treatment of partnerships or other pass-through entities, or persons who hold our Subordinate Voting Shares through partnerships or other pass-through entities, for U.S. federal income tax purposes. A partner in a partnership or other pass-through entity that will hold our Subordinate Voting Shares should consult his, her or its tax advisor regarding the tax consequences of acquiring, holding and disposing of our Subordinate Voting Shares through a partnership or other pass-through entity, as applicable.

We have not sought and will not seek any ruling from the U.S. Internal Revenue Service, which we refer to as the IRS, with respect to the statements made and the conclusions reached in the following discussion. There can be no assurance that the IRS will not challenge one or more of the tax consequences described herein, or that any such challenge would not be sustained by a court.

HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE APPLICATION OF THE U.S. FEDERAL TAX LAWS TO THEIR PURCHASE, OWNERSHIP AND DISPOSITION OF OUR SUBORDINATE VOTING SHARES IN LIGHT OF THEIR PARTICULAR SITUATIONS, AS WELL AS ANY TAX CONSEQUENCES ARISING UNDER THE LAWS OF ANY STATE, LOCAL, NON-U.S. OR OTHER TAXING JURISDICTION OR UNDER ANY APPLICABLE TAX TREATY.

Tax Classification of the Company as a U.S. Domestic Corporation

We are and expected to continue to be a Canadian corporation as of the date of this registration statement. We are treated as a Canadian resident company under the Canadian Income Tax Act, as amended, and are subject to Canadian income taxes.

We are also treated as a U.S. corporation subject to U.S. federal income tax pursuant to Section 7874 of the U.S. Tax Code and are also subject to U.S. federal income tax on our worldwide income. As a result, we are subject to taxation both in Canada and the United States. A number of material U.S. federal income tax consequences may result from our classification under Section 7874 of the U.S. Tax Code, and this summary is not intended to describe all such U.S. federal income tax consequences. Section 7874 of the U.S. Tax Code and the Treasury Regulations promulgated thereunder do not address all the possible tax consequences that arise from our treatment as a U.S. domestic corporation for U.S. federal income tax purposes. Accordingly, there may be additional or unforeseen U.S. federal income tax consequences that are not discussed in this summary. Each holder should seek tax advice, based on such shareholder's particular circumstances, from an independent tax advisor.

Tax Considerations Applicable to U.S. Holders

U.S. Holders Defined

For purposes of this discussion, a "U.S. holder" means a beneficial owner of our securities that, for U.S. federal income tax purposes, is:

- an individual who is a citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation, or any other entity or organization taxable as a corporation for U.S. federal income tax purposes, created or organized in the United States or under the laws of the United States, any political subdivision thereof, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if (1) a U.S. court is able to exercise primary supervision over the trust's administration and one or more U.S. persons have the authority to control all of the trust's substantial decisions or (2) the trust has a valid election in effect to be treated as a U.S. person.

Distributions on our Subordinate Voting Shares

As described in the section entitled "Dividend Policy," we have not made distributions on our Subordinate Voting Shares and do not plan to make any distributions for the foreseeable future. However, if we do make distributions of cash or property on our Subordinate Voting Shares, those payments generally will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, and will be includible in your income as ordinary income when received. However, with respect to dividends received by individuals, such dividends are generally taxed at the lower applicable long-term capital gains rates, provided certain holding period and other requirements are satisfied. If a distribution exceeds our current and accumulated earnings and profits, the excess will be treated as a tax-free return of the U.S. holder's investment, up to such holder's tax basis in the Subordinate Voting Shares. Any remaining excess will be treated as capital gain, subject to the tax treatment described below in "—Gain on Sale, Exchange or Other Disposition of Our Subordinate Voting Shares."

Gain on Sale, Exchange or Other Disposition of Our Subordinate Voting Shares

Upon the sale, exchange or other taxable disposition of the Subordinate Voting Shares, a U.S. holder will generally recognize capital gain or loss equal to the difference between the amount of cash and the fair market value of any property received upon the sale, exchange or other taxable disposition and such U.S. holder's adjusted tax basis in the Subordinate Voting Shares. This capital gain or loss will be long-term capital gain or loss if the U.S. holder's holding period in such Subordinate Voting Shares is more than one year at the time of the sale, exchange or other taxable disposition. Long-term capital gains recognized by certain non-corporate U.S. holders, including individuals, generally will be subject to reduced rates of U.S. federal income tax. The deductibility of capital losses is subject to certain limitations.

Foreign Tax Credit Limitations

Because it is anticipated we will be subject to tax both as a U.S. domestic corporation and as a Canadian corporation, a U.S. Holder may pay, through withholding, Canadian tax, as well as U.S. federal income tax, with respect to dividends paid on Subordinate Voting Shares. For U.S. federal income tax purposes, a U.S. Holder may elect for any taxable year to receive either a credit or a deduction for all foreign income taxes paid by the holder during the year. Complex limitations apply to the foreign tax credit, including a general limitation that the credit cannot exceed the proportionate share of a taxpayer's U.S. federal income tax that the taxpayer's foreign source taxable income bears to the taxpayer's worldwide taxable income. In applying this limitation, items of income and deduction must be classified, under complex rules, as either foreign source or U.S. source. Our status as a U.S. domestic corporation for U.S. federal income tax purposes will cause dividends paid by us to be treated as U.S. source rather than foreign source income for this purpose. As a result, a foreign tax credit may be unavailable for any Canadian tax paid on dividends received from us. Similarly, to the extent a sale or disposition of the Subordinate Voting Shares by a U.S. Holder results in Canadian tax payable by the U.S. Holder (for example, because the Subordinate Voting Shares constitute taxable Canadian property within the meaning of the Canadian Tax Act), a U.S. foreign tax credit may be unavailable to the U.S. Holder for such Canadian tax. In each case, however, the U.S. Holder should be able to take a deduction for the U.S. Holder's Canadian tax paid, provided that the U.S. Holder has not elected to credit other foreign taxes during the same taxable year, although such deductions may be significantly limited for non-corporate holders. The foreign tax credit rules are complex, and each U.S. Holder should consult its own tax advisor regarding these rules.

Foreign Currency

The amount of any distribution paid to a U.S. Holder in foreign currency, or the amount of proceeds paid in foreign currency on the sale, exchange or other taxable disposition of Subordinate Voting Shares, generally will be equal to the U.S. dollar value of such foreign currency based on the exchange rate applicable on the date of receipt (regardless of whether such foreign currency is converted into U.S. dollars at that time). A U.S. Holder will have a basis in the foreign currency equal to its U.S. dollar value on the date of receipt. Any U.S. Holder who converts or otherwise disposes of the foreign currency after the date of receipt may have a foreign currency exchange gain or loss that would be treated as ordinary income or loss, and generally will be U.S. source income or loss for foreign tax credit purposes. Different rules apply to U.S. Holders who use the accrual method of tax accounting. Each U.S. Holder should consult its own U.S. tax advisors.

Backup Withholding and Information Reporting

A U.S. holder may be subject to information reporting and backup withholding when such holder receives payments on our Subordinate Voting Shares (including constructive dividends) or receives proceeds from the sale or other taxable disposition of our Subordinate Voting Shares. Certain U.S. holders are exempt from backup withholding, including C corporations and certain tax-exempt organizations. A U.S. holder will be subject to backup withholding if such holder is not otherwise exempt and such holder:

- fails to furnish the holder's taxpayer identification number, which for an individual is ordinarily his or her social security number;

- furnishes an incorrect taxpayer identification number;
- is notified by the IRS that the holder previously failed to properly report payments of interest or dividends; or
- fails to certify under penalties of perjury that the holder has furnished a correct taxpayer identification number and that the IRS has not notified the holder that the holder is subject to backup withholding.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against a U.S. holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS. U.S. holders should consult their tax advisors regarding their qualification for an exemption from backup withholding and the procedures for obtaining such an exemption.

Tax Considerations Applicable to Non-U.S. Holders

Non-U.S. Holder Defined

For purposes of this discussion, a non-U.S. holder means a beneficial owner of our Subordinate Voting Shares that, for U.S. federal income tax purposes, is an individual, corporation, estate or trust that is not a U.S. holder.

Distributions on Our Subordinate Voting Shares

As described in the section entitled "Dividend Policy," we have not made distributions on our Subordinate Voting Shares and do not plan to make any distributions for the foreseeable future. However, if we do make distributions of cash or property on our Subordinate Voting Shares, those payments generally will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. If a distribution exceeds our current and accumulated earnings and profits, the excess will be treated as a tax-free return of the non-U.S. holder's investment, up to such holder's tax basis in the Subordinate Voting Shares. Any remaining excess will be treated as capital gain, subject to the tax treatment described below in "—Gain on Sale, Exchange or Other Disposition of Our Subordinate Voting Shares."

Subject to the discussion below on backup withholding and FATCA (defined below), dividends paid to a non-U.S. holder generally will be subject to withholding of U.S. federal income tax at a 30.0% rate or such lower rate as may be specified by an applicable income tax treaty. A non-U.S. holder of our Subordinate Voting Shares who claims the benefit of an applicable income tax treaty generally will be required to provide a properly executed IRS Form W-8BEN or W-8BEN-E (or other appropriate version of IRS Form W-8 or successor form) and satisfy applicable certification and other requirements. Non-U.S. holders are urged to consult their tax advisors regarding their entitlement to benefits under any applicable income tax treaty.

Dividends that are treated as effectively connected with a trade or business conducted by a non-U.S. holder within the United States and, if an applicable income tax treaty so provides, that are attributable to a permanent establishment or a fixed base maintained by the non-U.S. holder within the United States, are generally exempt from the 30.0% withholding tax if the non-U.S. holder satisfies applicable certification and disclosure requirements by providing a properly executed IRS Form W-8ECI (or successor form). However, such U.S. effectively connected income, net of specified deductions and credits, is taxed at the same graduated U.S. federal income tax rates applicable to U.S. persons. In addition, any U.S. effectively connected income received by a non-U.S. holder that is a corporation (or other entity that is treated as a corporation for U.S. federal income tax purposes) may also, under certain circumstances, be subject to an additional U.S. federal branch profits tax at a 30.0% rate or such lower rate as may be specified by an applicable income tax treaty.

A non-U.S. holder that is eligible for a reduced rate of U.S. withholding tax under an income tax treaty may obtain a refund or credit of any excess amounts withheld by timely filing a U.S. federal income tax return with the IRS.

Gain on Sale, Exchange or Other Disposition of Our Subordinate Voting Shares

Subject to the discussion below on backup withholding and FATCA, a non-U.S. holder generally will not be subject to U.S. federal income tax on any gain realized upon such holder's sale, exchange or other disposition of our Subordinate Voting Shares unless:

- the gain is effectively connected with the non-U.S. holder's conduct of a U.S. trade or business and, if an applicable income tax treaty so provides, is attributable to a permanent establishment or a fixed base maintained by such non-U.S. holder in the United States, in which case the non-U.S. holder generally will be taxed at the graduated U.S. federal income tax rates applicable to U.S. persons and, if the non-U.S. holder is a corporation (or an entity treated as a corporation for U.S. federal income tax purposes), it also may be subject to a U.S. federal branch profits tax at a rate of 30.0% (or such lower rate as may be specified by an applicable income tax treaty) on such effectively connected gain;
- the non-U.S. holder is a nonresident alien individual for U.S. federal income tax purposes who is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met, in which case the non-U.S. holder will be subject to a 30.0% tax (or such lower rate as may be specified by an applicable income tax treaty) on the net gain derived from the disposition, which may be offset by certain U.S. source capital losses of the non-U.S. holder, if any; or
- we are, or have been, at any time during the five-year period preceding such disposition (or the non-U.S. holder's holding period, if shorter) a U.S. real property holding corporation for U.S. federal income tax purposes. Generally, a corporation is a U.S. real property holding corporation only if the fair market value of its U.S. real property interests equals or exceeds 50.0% of the sum of the fair market value of its worldwide real property interests plus the fair market value of any other of its assets used or held for use in a trade or business. Although there can be no assurance, we do not believe that we are, or have been, a U.S. real property holding corporation, or that we are likely to become one in the future. Even if we are or were to become a U.S. real property holding corporation, gains realized by a non-U.S. holder on a disposition of our Subordinate Voting Shares will not be subject to U.S. federal income tax under this rule if our Subordinate Voting Shares is regularly traded on an established securities market and the non-U.S. holder holds no more than 5.0% of our outstanding Subordinate Voting Shares, directly or indirectly, during the shorter of the 5-year period ending on the date of the disposition or the period that the non-U.S. holder held our Subordinate Voting Shares. No assurance can be provided that our Subordinate Voting Shares will be regularly traded on an established securities market for purposes of the rules described above.

U.S. Federal Estate Tax

Property having a U.S. situs generally is includible in the gross estate of an individual non-U.S. holder for U.S. federal estate tax purposes. Because we are a U.S. corporation, our Subordinate Voting Shares will be U.S. situs property for U.S. federal estate tax purposes and, therefore, generally will be included in the gross estate of an individual who is a non-U.S. holder at the time of his or her death, unless an applicable estate tax treaty provides otherwise.

Backup Withholding and Information Reporting

We must report annually to the IRS and to each non-U.S. holder payments of dividends on our Subordinate Voting Shares to such holder and the tax withheld, if any, with respect to such dividends, along with certain other information. Non-U.S. holders may have to comply with specific certification procedures to establish that the holder is not a U.S. person in order to avoid backup withholding with respect to dividends on our Subordinate

Voting Shares. Dividends paid to non-U.S. holders subject to the U.S. withholding tax, as described above in “—Distributions on our Subordinate Voting Shares,” generally will be exempt from U.S. backup withholding.

Information reporting and backup withholding generally will apply to the proceeds of a disposition of our Subordinate Voting Shares by a non-U.S. holder effected by or through the U.S. office of any broker, U.S. or non-U.S., unless the holder certifies its status as a non-U.S. holder and satisfies certain other requirements, or otherwise establishes an exemption. Generally, information reporting and backup withholding will not apply to a payment of disposition proceeds to a non-U.S. holder where the transaction is effected outside the United States through a non-U.S. office of a broker. However, for information reporting purposes, dispositions effected through a non-U.S. office of a broker with substantial U.S. ownership or operations generally will be treated in a manner similar to dispositions effected through a U.S. office of a broker. Non-U.S. holders should consult their tax advisors regarding the application of the information reporting and backup withholding rules to them.

Copies of information returns may be made available to the tax authorities of the country in which the non-U.S. holder resides or is incorporated under the provisions of a specific treaty or other agreement.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder can be refunded or credited against the non-U.S. holder’s U.S. federal income tax liability, if any, provided that an appropriate claim is timely filed with the IRS.

Foreign Account Tax Compliance Act (FATCA)

IRC Sections 1471 through 1474 and related Treasury regulations and guidance, commonly referred to as FATCA, generally imposes a U.S. federal withholding tax at a rate of 30.0% on certain payments (including on dividends on our Subordinate Voting Shares) that are made to certain non-U.S. entities (including foreign financial institutions and non-financial foreign entities, both as specifically defined under FATCA), unless such non-U.S. entities establish that they are compliant with or exempt from FATCA. To comply with FATCA, a foreign financial institution generally is required to register with the IRS, collect and provide to tax authorities information regarding U.S. account holders of such institution (including certain equity and debt holders of such institution, as well as certain account holders that are non-U.S. entities with U.S. owners), and provide withholding agents with a certification that it is compliant with FATCA. A non-financial foreign entity generally is required to provide withholding agents with either a certification that it does not have any substantial direct or indirect U.S. owners or information regarding substantial direct and indirect U.S. owners of the entity, or otherwise establishes an exemption from FATCA. An intergovernmental agreement between the United States and an applicable foreign country may, however, modify these requirements and these requirements are different from and in addition to the certification requirements described elsewhere in this discussion.

Subject to the recently proposed Treasury Regulations described in the following sentence, FATCA applies to dividends paid on our Subordinate Voting Shares and to gross proceeds from sales or other dispositions of our Subordinate Voting Shares. The U.S. Treasury Department recently proposed regulations which state that taxpayers may rely on the proposed regulations until final regulations are issued, and which eliminate FATCA federal withholding tax of 30% applicable to the gross proceeds of a sale or other disposition of our Subordinate Voting Shares. Amounts withheld under FATCA with respect to income that is also subject to the general U.S. federal withholding tax, as discussed above in “—Distributions on Our Subordinate Voting Shares,” will be applied against and reduce the amount of such other withholding tax. Prospective investors should consult their tax advisors regarding the possible implications of FATCA on their investment in our Subordinate Voting Shares.

UNDERWRITING

We are offering the Subordinate Voting Shares described in this prospectus through a number of underwriters. Canaccord Genuity LLC is acting as the representative of the underwriters. We have entered into an underwriting agreement with the underwriters. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase from us, at the public offering price less the underwriting discounts and commissions set forth on the cover page of this prospectus, the number of Subordinate Voting Shares listed next to its name in the following table:

| | Number of Shares |
|-----------------------------------|-------------------------|
| Canaccord Genuity LLC | 1,562,500 |
| Canaccord Genuity Corp. | 1,562,500 |
| Cormark Securities Inc. | 875,000 |
| ATB Capital Markets Inc. | 250,000 |
| Echelon Wealth Partners Inc. | 250,000 |
| Eight Capital | 250,000 |
| PI Financial Corp. | 250,000 |
| Total | 5,000,000 |

The offering is being made in the United States and in each of the provinces of Canada (other than Quebec). The Subordinate Voting Shares will be offered in the United States through certain of the underwriters listed above, either directly or indirectly, through their respective U.S. broker-dealer affiliates or agents and in each of the provinces of Canada (other than Quebec) through those underwriters or their affiliates who are registered to offer the Subordinate Voting Shares for sale in such provinces and such other registered dealers as may be designated by the underwriters. Sales of shares made outside of the United States and Canada may be made by affiliates of the underwriters.

The underwriters are committed to purchase all the Subordinate Voting Shares offered by us. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may also be increased or the offering may be terminated.

The offering price will be determined through negotiations between us and the representatives.

The underwriters have an option to buy up to 750,000 additional Subordinate Voting Shares from us to cover sales of shares by the underwriters which exceed the number of shares specified in the table above. The underwriters have 30 days from the date of this prospectus to exercise this option to purchase additional shares. If any shares are purchased with this option to purchase additional shares, the underwriters will purchase shares in approximately the same proportion as shown in the table above. If any additional Subordinate Voting Shares are purchased, the underwriters will offer the additional shares on the same terms as those on which the shares are being offered.

The underwriting fee is equal to the public offering price per Subordinate Voting Share less the amount paid by the underwriters to us per Subordinate Voting Share. The underwriting fee is \$1.5852 per share. The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by us assuming both no exercise and full exercise of the underwriters' option to purchase additional shares. We have agreed to reimburse the underwriters for certain of their expenses in an amount up to \$200,000 as set forth in the underwriting agreement.

| | Per Share | Total | |
|---|------------------|--------------------|----------------------|
| | | No Exercise | Full Exercise |
| Price to public | \$39.6291 | \$198,145,359.44 | \$227,867,163.35 |
| Underwriting discounts and commissions paid by us | \$ 1.5852 | \$ 7,925,814.38 | \$ 9,114,686.53 |
| Proceeds, before expenses, to us | \$38.0439 | \$190,219,545.06 | \$218,752,476.82 |

We estimate that the total expenses of this offering, including registration, filing fees, printing fees and legal and accounting expenses, but excluding the underwriting discounts and commissions, will be approximately \$1.0 million.

A prospectus in electronic format may be made available on the web sites maintained by one or more underwriters participating in the offering. The underwriters may agree to allocate a number of shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representatives to underwriters that may make internet distributions on the same basis as other allocations.

We have agreed, subject to certain limited exceptions, not to (1) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise dispose of, directly or indirectly, or file or confidentially submit with the SEC a registration statement under the Securities Act relating to, any Subordinate Voting Share or securities convertible into or exchangeable or exercisable for any Subordinate Voting Shares, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, or (2) enter into any swap or other arrangement that transfers all or a portion of the economic consequences associated with the ownership of any Subordinate Voting Shares or any such other securities (regardless of whether any of these transactions are to be settled by the delivery of Subordinate Voting Shares or such other securities, in cash or otherwise), in each case without the prior written consent of Canaccord Genuity LLC for a period of 90 days after the date of this prospectus.

Our directors and officers have entered into lock-up agreements with the underwriters prior to the commencement of this offering pursuant to which each of these persons or entities, with limited exceptions, for a period ending 90 days after the date of this prospectus, may not, without the prior written consent of Canaccord Genuity LLC (A) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Subordinate Voting Shares or any securities convertible into or exercisable or exchangeable for Subordinate Voting Shares (including, without limitation, Subordinate Voting Shares or such other securities which may be deemed to be beneficially owned by such directors, executive officers, managers and members in accordance with the rules and regulations of the Commission and securities which may be issued upon exercise of a stock option or warrant) or (B) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Subordinate Voting Shares or such other securities, whether any such transaction described in clause (A) or (B) above is to be settled by delivery of Subordinate Voting Shares or such other securities, in cash or otherwise, or (C) make any demand for or exercise any right with respect to the registration of any Subordinate Voting Shares or any security convertible into or exercisable or exchangeable for Subordinate Voting Shares.

We have agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act. We have also agreed to reimburse the underwriters for certain of their expenses.

In connection with this offering, the underwriters may engage in stabilizing transactions, which involves making bids for, purchasing and selling shares of Subordinate Voting Shares in the open market for the purpose of preventing or retarding a decline in the market price of the Subordinate Voting Shares while this offering is in progress. These stabilizing transactions may include making short sales of Subordinate Voting Shares, which involves the sale by the underwriters of a greater number of Subordinate Voting Shares than they are required to purchase in this offering, and purchasing Subordinate Voting Shares on the open market to cover positions created by short sales. Short sales may be “covered” shorts, which are short positions in an amount not greater than the underwriters’ option to purchase additional shares referred to above, or may be “naked” shorts, which are short positions in excess of that amount. The underwriters may close out any covered short position either by exercising their option to purchase additional shares, in whole or in part, or by purchasing shares in the open market. In making this determination, the underwriters will consider, among other things, the price of shares available for purchase in the open market compared to the price at which the underwriters may purchase shares

through the option to purchase additional shares. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Subordinate Voting Shares in the open market that could adversely affect investors who purchase in this offering. To the extent that the underwriters create a naked short position, they will purchase shares in the open market to cover the position.

The underwriters have advised us that, pursuant to Regulation M of the Securities Act, they may also engage in other activities that stabilize, maintain or otherwise affect the price of the Subordinate Voting Shares, including the imposition of penalty bids. This means that if the representatives of the underwriters purchase Subordinate Voting Shares in the open market in stabilizing transactions or to cover short sales, the representatives can require the underwriters that sold those shares as part of this offering to repay the underwriting discount received by them.

These activities may have the effect of raising or maintaining the market price of Subordinate Voting Shares or preventing or retarding a decline in the market price of the Subordinate Voting Shares, and, as a result, the price of the Subordinate Voting Shares may be higher than the price that otherwise might exist in the open market. If the underwriters commence these activities, they may discontinue them at any time. The underwriters may carry out these transactions on the CSE, in the over-the-counter market or otherwise.

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage, and other financial and non-financial activities and services. Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. In addition, from time to time, certain of the underwriters and their affiliates may effect transactions for their own account or the account of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

Selling Restrictions

Other than in the U.S. or Canada, no action has been taken by us or the underwriters that would permit a public offering of the shares offered by this prospectus in any jurisdiction where action for that purpose is required. The shares offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such shares be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any shares offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

LEGAL MATTERS

The validity of the securities being offered hereby and certain legal matters in connection with this offering relating to Canadian law will be passed upon for us by DLA Piper (Canada) LLP. Certain legal matters in connection with this offering relating to U.S. law will be passed upon for us by Foley Hoag LLP. Certain legal matters in connection with this offering relating to Canadian law will be passed upon for the underwriters by Stikeman Elliott LLP and certain legal matters in connection with this offering relating to U.S. law will be passed upon for the underwriters by Dorsey & Whitney LLP.

EXPERTS

The consolidated financial statements appearing in this prospectus and registration statement as of December 31, 2020 and 2019 and for each of the years in the three-year period ended December 31, 2020 have been audited by MNP LLP, an independent registered public accounting firm, as stated in their report appearing elsewhere herein and are included in reliance upon such report and upon the authority of such firm as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act with respect to the Subordinate Voting Shares sold in this offering. This prospectus, which constitutes part of the registration statement, does not include all of the information contained in the registration statement and the exhibits, schedules and amendments to the registration statement. Some items are omitted in accordance with the rules and regulations of the SEC. For further information with respect to us and our Subordinate Voting Shares, we refer you to the registration statement and to the exhibits and schedules to the registration statement filed as part of the registration statement. Statements contained in this prospectus about the contents of any contract or any other document filed as an exhibit are not necessarily complete, and, in each instance, we refer you to the copy of the contract or other documents filed as an exhibit to the registration statement. Each of these statements is qualified in all respects by this reference.

The SEC maintains an internet website, which is located at www.sec.gov, that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC. You may access the registration statement of which this prospectus is a part at the SEC's internet website. Information contained on or accessible through the SEC's website is not a part of this prospectus, and the inclusion of the SEC's website address in this prospectus is an inactive textual reference only.

We file annual and periodic reports and other information with the SEC. We also maintain a website at www.trulieve.com, at which you may access these materials free of charge as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC. We do not incorporate the information on our website into this prospectus or any supplement to this prospectus and you should not consider any information on, or that can be accessed through, our website as part of this prospectus or any supplement to this prospectus (other than those filings with the SEC that we specifically incorporate by reference into this prospectus or any supplement to this prospectus).

TRULIEVE CANNABIS CORP.
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Audited Financial Statements

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Report of Independent Registered Public Accounting Firm

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

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Trulieve Cannabis Corp. (the Company) as of December 31, 2020 and 2019, and the related consolidated statements of operations and comprehensive income, changes in shareholders' equity and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020 and 2019, and the results of its consolidated operations and its consolidated cash flows for each of the years in the three-year period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ MNP LLP

**Chartered Professional Accountants;
Licensed Public Accountants**

We have served as the Company's auditor since 2018.

Ottawa, Canada
March 22, 2021

TRULIEVE CANNABIS CORP.
CONSOLIDATED BALANCE SHEETS
(dollars in thousands)

| | 2020 | 2019 |
|---|------------------|------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$146,713 | \$ 91,813 |
| Accounts Receivable, net of allowance for doubtful accounts of \$5,000 | 308 | — |
| Inventories | 98,312 | 65,981 |
| Prepaid Expenses and Other Current Assets | 19,815 | 7,678 |
| Total Current Assets | 265,148 | 165,471 |
| Property and Equipment, Net | 317,701 | 144,748 |
| Right of Use Asset—Operating, Net | 28,171 | 22,045 |
| Right of Use Asset—Finance, Net | 36,904 | 19,088 |
| Intangible Assets, Net | 90,144 | 26,380 |
| Goodwill | 74,100 | 7,316 |
| Other Assets | 3,944 | 949 |
| TOTAL ASSETS | \$816,112 | \$385,996 |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts Payable and Accrued Liabilities | \$ 41,902 | \$ 24,308 |
| Income Tax Payable | 5,875 | 8,327 |
| Deferred Revenue | 7,178 | 2,404 |
| Notes Payable—Current Portion | 2,000 | 2,000 |
| Notes Payable—Related Party—Current Portion | 12,011 | 924 |
| Warrant Liability | — | 9,892 |
| Operating Lease Liability—Current Portion | 3,154 | 2,541 |
| Finance Lease Liability—Current Portion | 3,877 | 2,272 |
| Total Current Liabilities | 75,998 | 52,667 |
| Long-Term Liabilities: | | |
| Notes Payable | 4,000 | 4,000 |
| Notes Payable—Related Party | — | 11,979 |
| Operating Lease Liability | 26,450 | 20,601 |
| Finance Lease Liability | 35,058 | 17,168 |
| Other Long-Term Liabilities | 121,080 | 118,256 |
| Construction Finance Liability | 82,047 | 22,956 |
| Deferred Tax Liability | 23,575 | 5,486 |
| TOTAL LIABILITIES | 368,208 | 253,114 |
| SHAREHOLDERS' EQUITY | | |
| Common Stock, no par value; unlimited shares authorized as of December 31, 2020 and 2019, 119,573,998 and 110,346,346 issued and outstanding as of December 31, 2020 and 2019, respectively | — | — |
| Additional Paid-in-Capital | 275,644 | 76,192 |
| Warrants | 52,570 | — |
| Accumulated Earnings | 119,690 | 56,691 |
| TOTAL SHAREHOLDERS' EQUITY | 447,904 | 132,883 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 816,112 | \$385,996 |

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

TRULIEVE CANNABIS CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(dollars in thousands, except per share data)

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|--------------------|--------------------|--------------------|
| Revenues, Net of Discounts | \$ 521,533 | \$ 252,819 | \$ 102,817 |
| Cost of Goods Sold | <u>135,116</u> | <u>60,982</u> | <u>22,385</u> |
| Gross Profit | 386,418 | 191,837 | 80,431 |
| Expenses: | | | |
| General and Administrative | 36,056 | 14,071 | 19,156 |
| Sales and Marketing | 119,395 | 59,349 | 25,050 |
| Depreciation and Amortization | <u>12,600</u> | <u>5,079</u> | <u>1,138</u> |
| Total Expenses | <u>168,051</u> | <u>78,499</u> | <u>45,344</u> |
| Income from Operations | <u>218,367</u> | <u>113,338</u> | <u>35,088</u> |
| Other Income (Expense): | | | |
| Interest Expense, Net | (20,237) | (9,050) | (2,103) |
| Other (Expense) Income, Net | <u>(40,680)</u> | <u>(607)</u> | <u>60</u> |
| Total Other Expense | <u>(60,917)</u> | <u>(9,658)</u> | <u>(2,044)</u> |
| Income Before Provision for Income Taxes | <u>157,450</u> | <u>103,680</u> | <u>33,044</u> |
| Provision for Income Taxes | <u>94,451</u> | <u>50,586</u> | <u>22,151</u> |
| Net Income and Comprehensive Income | <u>\$ 62,999</u> | <u>\$ 53,094</u> | <u>\$ 10,893</u> |
| Basic Net Income per Common Share | <u>\$ 0.55</u> | <u>\$ 0.48</u> | <u>\$ 0.11</u> |
| Diluted Net Income per Common Share | <u>\$ 0.53</u> | <u>\$ 0.46</u> | <u>\$ 0.11</u> |
| Weighted average number of common shares used in computing net income per common share: | | | |
| Basic | <u>113,572,379</u> | <u>110,206,103</u> | <u>101,697,002</u> |
| Diluted | <u>118,325,724</u> | <u>115,317,942</u> | <u>103,201,127</u> |

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

TRULIEVE CANNABIS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(dollars in thousands)

| | Super Voting Shares | Multiple Voting Shares | Subordinate Voting Shares | Total Common Shares | Additional Paid-in- Capital | Warrants | Accumulated Earnings (Deficit) | Total |
|---|---------------------------|------------------------------|---------------------------------|---------------------------|-----------------------------------|-----------------|--------------------------------------|----------------|
| Balance, January 1, 2018 | 85,246,600 | 13,436,800 | — | 98,683,400 | 11,456 | — | (7,296) | 4,160 |
| Issuance of Common Stock as | | | | | | | | |
| Debt Discount | — | — | — | — | 200 | — | — | 200 |
| Additional Contribution from the | | | | | | | | |
| Issuance of Below Market | | | | | | | | |
| Interest Debt | — | — | — | — | 46 | — | — | 46 |
| Issuance of Shares Subscription | | | | | | | | |
| Receipt Offering, Net | — | 3,573,450 | 7,354,050 | 10,927,500 | 45,948 | — | — | 45,948 |
| Broker Warrants Issued in | | | | | | | | |
| Reverse Takeover | | | | | | | | |
| Transaction | — | — | — | — | 1,519 | — | — | 1,519 |
| Net Consideration Provided in | | | | | | | | |
| Reverse Takeover | | | | | | | | |
| Transaction | — | — | 200,000 | 200,000 | (460) | — | — | (460) |
| Shares Issued for Cash - Warrant | | | | | | | | |
| Exercise | — | — | 321,268 | 321,268 | 1,489 | — | — | 1,489 |
| Conversions of Multiple Voting to | | | | | | | | |
| Subordinate Voting Shares | — | (3,259,799) | 3,259,799 | — | — | — | — | — |
| Share-based Compensation | — | — | — | — | 15,020 | — | — | 15,020 |
| Net Income | — | — | — | — | — | — | 10,893 | 10,893 |
| Balance, December 31, 2018 | <u>85,246,600</u> | <u>13,750,451</u> | <u>11,135,117</u> | <u>110,132,168</u> | <u>\$ 75,218</u> | <u>\$ —</u> | <u>3,596</u> | <u>78,814</u> |
| Additional Contribution from the | | | | | | | | |
| Issuance of Below | | | | | | | | |
| Market Interest Debt | — | — | — | — | 10 | — | — | 10 |
| Conversions of Super and | | | | | | | | |
| Multiple Voting Shares to | | | | | | | | |
| Subordinate Voting Shares | (17,433,300) | (7,089,077) | 24,522,377 | — | — | — | — | — |
| Shares issued for cash - Warrant | | | | | | | | |
| Exercise | — | — | 214,178 | 214,178 | 964 | — | — | 964 |
| Net Income | — | — | — | — | — | — | 53,094 | 53,094 |
| Balance, December 31, 2019 | <u>67,813,300</u> | <u>6,661,374</u> | <u>35,871,672</u> | <u>110,346,346</u> | <u>\$ 76,192</u> | <u>\$ —</u> | <u>56,691</u> | <u>132,883</u> |
| Share-based compensation | — | — | — | — | 2,765 | — | — | 2,765 |
| Reclassification of Warrants to | | | | | | | | |
| Equity | — | — | — | — | — | 52,570 | — | 52,570 |
| Shares issued for cash - Warrant | | | | | | | | |
| Exercise | — | — | 2,723,411 | 2,723,411 | 11,459 | — | — | 11,459 |
| Contingent Consideration Payable | | | | | | | | |
| in Shares | — | — | — | — | 65,000 | — | — | 65,000 |
| Exercise of Stock Options | — | — | 9,180 | 9,180 | — | — | — | — |
| Issuance of Shares in Private | | | | | | | | |
| Placement, Net of Issuance | | | | | | | | |
| Costs | — | — | 4,715,000 | 4,715,000 | 83,228 | — | — | 83,228 |
| Shares issued for PurePenn and | | | | | | | | |
| Solevo Acquisitions | — | — | 1,780,061 | 1,780,061 | 37,000 | — | — | 37,000 |
| Conversions of Multiple Voting to | | | | | | | | |
| Subordinate Voting Shares | (9,630,800) | (5,222,337) | 14,853,137 | — | — | — | — | — |
| Net Income | — | — | — | — | — | — | 62,999 | 62,999 |
| Balance, December 31, 2020 | <u>58,182,500</u> | <u>1,439,037</u> | <u>59,952,461</u> | <u>119,573,998</u> | <u>\$275,644</u> | <u>\$52,570</u> | <u>\$119,690</u> | <u>447,904</u> |

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

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

| | 2020 | 2019 | 2018 |
|--|-------------------|------------------|------------------|
| CASH FLOW FROM OPERATING ACTIVITIES | | | |
| Net Income and Comprehensive Income | \$ 62,999 | \$ 53,094 | \$ 10,893 |
| Adjustments to Reconcile Net Income and Comprehensive Income to Net Cash Provided by Operating Activities: | | | |
| Depreciation and Amortization | 12,600 | 5,079 | 1,138 |
| Depreciation and Amortization Included in Cost of Goods Sold, Net | 11,542 | 7,992 | 1,968 |
| Non-Cash Interest Expense | 2,889 | 849 | — |
| Loss from Sale of Property and Equipment | 63 | 67 | 46 |
| Amortization of Operating Lease Right of Use Assets | 6,045 | 2,733 | — |
| Share-Based Compensation | 2,765 | — | 15,020 |
| Loss on Fair Value of Warrants | 42,679 | 806 | — |
| Deferred Income Tax Expense | (4,887) | (908) | (546) |
| Changes in Operating Assets and Liabilities: | | | |
| Inventories | (22,534) | (54,481) | (18,751) |
| Accounts Receivable | 1,109 | — | — |
| Prepaid Expenses and Other Current Assets | (11,670) | (5,224) | (2,271) |
| Other Assets | (2,517) | 147 | (1,096) |
| Accounts Payable and Accrued Liabilities | 1,002 | 13,587 | 1,056 |
| Operating Lease Liabilities | (4,764) | (2,825) | — |
| Other Long-Term Liabilities | — | 3,915 | 723 |
| Income Tax Payable | (2,452) | (6,735) | 13,926 |
| Deferred Revenue | 4,774 | 977 | 1,412 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 99,643 | 19,073 | 23,517 |
| CASH FLOW FROM INVESTING ACTIVITIES | | | |
| Purchases of Property and Equipment | (99,941) | (71,834) | (42,561) |
| Purchases of Property and Equipment from Construction | (41,116) | (2,571) | — |
| Capitalized Interest | (4,803) | (471) | (980) |
| Acquisitions, Net of Cash Acquired | (27,923) | (19,825) | (7,644) |
| Cash Paid to Acquire License Agreement | (887) | — | — |
| Proceeds from Sale of Property and Equipment | 16 | 29 | 129 |
| NET CASH USED IN INVESTING ACTIVITIES | (174,654) | (94,673) | (51,055) |
| CASH FLOW FROM FINANCING ACTIVITIES | | | |
| Proceeds from Issuance of Notes Payable | — | — | 6,040 |
| Proceeds from Issuance of Notes Payable—Related Party | — | — | 11,357 |
| Proceeds from Debt Financings, Net of Discounts and Accrued Interest | — | 122,215 | — |
| Proceeds from Share Warrant Exercise | 11,459 | 964 | 1,289 |
| Proceeds from Construction Finance Liability | 41,116 | 23,071 | — |
| Payments on Notes Payable | — | — | (6,000) |
| Payments on Notes Payable - Related Party | (941) | (1,520) | (8,677) |
| Payments on Construction Finance Liability | (4,951) | (115) | — |
| Payments on Lease Obligations | — | (1,633) | (454) |
| Proceeds from Shares Issued Pursuant to Private Placement | 83,228 | — | 47,467 |
| Payments on Issuance of Shares for Reverse Transaction | — | — | (460) |
| NET CASH PROVIDED BY FINANCING ACTIVITIES | 129,911 | 142,982 | 50,561 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 54,900 | 67,383 | 23,023 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 91,813 | 24,430 | 1,407 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | \$ 146,713 | \$ 91,813 | \$ 24,430 |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | | |
| CASH PAID DURING THE YEAR FOR | | | |
| Interest | \$ 22,135 | \$ 7,417 | \$ 2,948 |
| Income Taxes | \$ 105,248 | \$ 43,658 | \$ 8,195 |
| OTHER NONCASH INVESTING AND FINANCING ACTIVITIES | | | |
| Shares Issued for PurePenn and Solevo Acquisition | \$ 37,000 | — | — |
| Shares Reserved for PurePenn and Solevo Acquisition | \$ 65,000 | — | — |
| Purchase of Property and Equipment Financed with Notes Payable - Related Party | \$ — | \$ 257 | \$ 3,095 |
| Purchase of Property and Equipment Financed with Accounts Payable | \$ 13,613 | \$ 6,516 | \$ 4,697 |
| Property and Equipment Acquired via Finance Leases | \$ 24,165 | \$ 19,883 | \$ 1,406 |
| Transfer of Shares Treated as a Debt Discount | \$ — | \$ — | \$ 200 |
| Debt Discount related to Below Market Interest Debt | \$ — | \$ 10 | \$ 46 |

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

NOTES TO CONSOLIDATED 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 six states Florida, Massachusetts, California, Connecticut and Pennsylvania 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.

See “*Note 3—Acquisitions*” for the acquisitions of Life Essence, Inc., on December 13, 2018, a Massachusetts corporation; Leef Industries, LLC, on November 30, 2018, a California limited liability company, The Healing Corner, Inc. on May 21, 2019 and PurePenn LLC and Solevo Wellness on November 12th, 2020, a Pennsylvania limited liability company.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Presentation

The accompanying consolidated financial statements present the consolidated financial position and operations of Trulieve Cannabis Corp. and its subsidiaries as of and for the years ended December 31, 2020 and 2019 (the “consolidated financial statements”) in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

(b) Functional Currency

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

(c) Basis of Consolidation

These consolidated financial statements include the financial information of the Company and its subsidiaries, Trulieve, Inc., Life Essence, Inc., Leef Industries, LLC, Trulieve Bristol, Inc. “Healing Corner”, PurePenn LLC, and Keystone Relief Centers “Solevo”. The accounts of the subsidiaries are prepared for the same reporting period using consistent accounting policies. All of the consolidated entities were under common control during the entirety of the periods for which their respective results of operations were included in the consolidated financial statements (i.e., from the date of their acquisition). See “*Note 3—Acquisitions*” for further details on the acquired companies. Intercompany transactions, balances and unrealized gains or losses on transactions are eliminated.

(d) Cash and Cash Equivalents

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

(e) Inventory

Inventories are primarily comprised of raw materials, internally produced work in process, finished goods and packaging materials.

Costs incurred during the growing and production process are capitalized as incurred to the extent that cost is less than net realizable value. These costs include materials, labor and manufacturing overhead used in the growing and production processes. The Company capitalizes pre-harvest costs.

Inventories of purchased finished goods and packing materials are initially valued at cost and subsequently at the lower of cost and net realizable value.

Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion, disposal and transportation for inventories in process. The Company periodically reviews its inventory and identifies that which is excess, slow moving and obsolete by considering factors such as inventory levels, expected product life and forecasted sales demand. Any identified excess, slow moving and obsolete inventory is written down to its net realizable value through a charge to cost of goods sold. The Company did not recognize any inventory reserves as of December 31, 2020 and 2019.

(f) Property and Equipment

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

| | |
|--------------------------------|--|
| Land | Not Depreciated |
| Buildings & Improvements | 7 to 40 Years |
| Furniture & Equipment | 3 to 10 Years |
| Vehicles | 3 to 5 Years |
| Construction in Progress | Not Depreciated |
| Leasehold Improvements | The lesser of the life of the lease or the estimated useful life of the asset |

An asset’s residual value, useful life and depreciation method are reviewed during each financial year and adjusted if appropriate.

Property and equipment, as well as right-of-use assets and definite life intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require these long-lived assets to be tested for possible impairment and the Company’s analysis indicates that a possible impairment exists based on an estimate of undiscounted future cash flows, the Company is required to estimate the fair value of the asset.

An impairment charge is recorded for the excess of the asset’s carrying value over its fair value, if any. Fair value is determined through various valuation techniques, including discounted cash flow models, quoted market values, and third-party independent appraisals, as considered necessary. The Company did not record any impairment charges on these long-lived assets during the years ended December 31, 2020 and 2019.

Gains or losses on disposal of an item are determined by comparing the proceeds from disposal with the carrying amount of the item and recognized in the statement of operations and comprehensive income. Construction in progress is transferred when available for use and depreciation of the assets commences at that point.

The Company capitalizes interest on debt financing invested in projects under construction. Upon the asset becoming available for use, capitalized interest costs, as a portion of the total cost of the asset, are depreciated over the estimated useful life of the related asset.

(g) Intangible Assets

Intangible assets are recorded at cost, less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are measured at fair value at the acquisition date. Intangible assets that have indefinite useful lives are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The estimated useful lives, residual values and amortization methods are reviewed at each year-end, and any changes in estimates are accounted for prospectively. As of December 31, 2020 and 2019, the Company has determined that no impairment exists.

Intangible assets are amortized using the straight-line method over estimated useful lives as follows:

| | |
|---------------------------------|--------------------|
| Dispensary License | 15 Years |
| Tradenames | 2 to 10 Years |
| Customer Relationship | 5 Years |
| Moxie Brand | 3 Years |
| Non-Compete | 2 Years |
| Trademarks | 6 months to 1 Year |

(h) Goodwill

Goodwill represents the excess of the purchase price paid for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is either assigned to a specific reporting unit or allocated between reporting units based on the relative fair value of each reporting unit.

Goodwill is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that goodwill may be impaired. The Company reviews indefinite lived assets, including goodwill, annually at fiscal year-end or at interim periods if events or circumstances indicate the carrying value may not be recoverable. An impaired asset is written down to its estimated fair value based on the most recent information available.

The Company assesses the fair values of its intangible assets, and its reporting unit for goodwill testing purposes, as necessary, using an income-based approach. Under the income approach, fair value is based on the present value of estimated future cash flows.

The Company operates as one operating segment and reporting unit and therefore, evaluates goodwill and other intangible assets with indefinite lives for impairment annually as one singular reporting unit once a year or more often when an event occurs or circumstances indicate the carrying value may not be recoverable. The Company’s policy is to first perform a qualitative assessment to determine if it was more-likely-than-not that the reporting unit’s carrying value is less than the fair value, indicating the potential for goodwill impairment. The amount of goodwill impairment is determined as the excess of the carrying value of the reporting unit’s goodwill over the fair value of that reporting unit.

The Company did not identify any impairment of its goodwill at December 31, 2020 and 2019.

(i) Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of:

| | Year Ended December 31, | |
|--|-------------------------------|-----------------|
| | 2020 | 2019 |
| | <i>(dollars in thousands)</i> | |
| Trade Accounts Payable | \$ 9,247 | \$ 9,954 |
| Trade Accounts Payable—Related Party | 10,403 | 6,463 |
| Accrued Payroll | 11,030 | 5,822 |
| Other Payables and Accrued Liabilities | 11,222 | 2,069 |
| Total Accounts Payable and Accrued Liabilities | <u>\$41,902</u> | <u>\$24,308</u> |

(j) Leases

In February 2016, the FASB issued ASU 2016-02, Leases (ASC 842), a standard that requires lessees to increase transparency and comparability among organizations by requiring the recognition of Right of Use Assets “ROU” and lease liabilities on the balance sheet. The requirements of this standard include a significant increase in required disclosures to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The FASB has issued several amendments and practical expedients to the standard, including clarifying guidance, transition relief on comparative reporting at adoption, a practical expedient, which allows lessees to elect as an accounting policy not to apply the provisions of ASC 842 to short term leases, and codification improvements to clarify that lessees and lessors are exempt from certain interim disclosure requirement associated with adopting the new leases standard.

The new standard was effective for the Company beginning January 1, 2019 and the standard was adopted using the modified retrospective transition approach, which allows the Company to recognize a cumulative effect adjustment to the opening balance of accumulated earnings in the period of adoption rather than restate comparative prior year periods. The cumulative effect adjustment to the opening balance of accumulated earnings is zero because (i) the Company does not have any unamortized initial direct costs as of January 1, 2019 that need to be written off; and (ii) the Company does not have any deferred gain or loss from our previous sale and operating leaseback transactions that need to be recognized. See “*Note 10—Leases*” for further information and the impact of adopting ASC 842 on January 1, 2019.

(k) Revenue Recognition

Revenue is recognized by the Company in accordance with ASU 2014-09, Revenue from Contracts with Customers (Topic 606). Through application of the standard, the Company recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

In order to recognize revenue under ASU 2014-09, the Company applies the following five (5) steps:

- Identify a customer along with a corresponding contract;
- Identify the performance obligation(s) in the contract to transfer goods or provide distinct services to a customer;
- Determine the transaction price the Company expects to be entitled to in exchange for transferring promised goods or services to a customer;
- Allocate the transaction price to the performance obligation(s) in the contract; and
- Recognize revenue when or as the Company satisfies the performance obligation(s).

The Company's contracts with customers for the sale of dried cannabis, cannabis oil and other cannabis related products consist of multiple performance obligations. Revenue from the direct sale of cannabis to customers for a fixed price is recognized when the Company transfers control of the goods to the customer at the point of sale and the customer has paid for the goods. The Company has a loyalty rewards program that allows customers to earn reward credits to be used on future purchases. Loyalty reward credit issued as part of a sales transaction results in revenue being deferred until the loyalty reward is redeemed by the customer. The loyalty rewards are shown as reductions to 'revenue, net of discounts' line on the accompanying consolidated statements of operations and comprehensive income and included as deferred revenue on the consolidated balance sheet.

Contract assets are defined in the standard to include amounts that represent the right to receive payment for goods and services that have been transferred to the customer with rights conditional upon something other than the passage of time. Contract liabilities are defined in the standard to include amounts that reflect obligations to provide goods and services for which payment has been received. There are no contract assets on unsatisfied performance obligations as of December 31, 2020 and 2019. For some of its locations, the Company offers a loyalty reward program to its dispensary customers. A portion of the revenue generated in a sale must be allocated to the loyalty points earned. The amount allocated to the points earned is deferred until the loyalty points are redeemed or expire. As of December 31, 2020 and 2019, the loyalty liability totaled \$5.3 million and \$2.4 million, respectively, that is included in deferred revenue on the consolidated balance sheet.

(l) Income Taxes

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

As the Company operates in the cannabis industry, it is subject to the limits of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to the cost of producing the products or cost of production.

The Company recognizes uncertain income tax positions at the largest amount that is more-likely-than-not to be sustained upon examination by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. Recognition or measurement is reflected in the period in which the likelihood changes. Any interest and penalties related to unrecognized tax liabilities are presented within income tax expense in the consolidated statements of operations and comprehensive income.

(m) Financial Instruments

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

Classification of financial instruments

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

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

- Level 2 – Inputs other than quoted prices in active markets, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Unobservable inputs for which there is little or no market data requiring the Company to develop its own assumptions.

(n) Warrant Liability

The Company has issued subordinate voting share purchase warrants for the June and November debt, see “Note 9—Debt”. The June and November Warrants related to the June and November debt are governed by a warrant indenture date June 18, 2019 as supplemented pursuant to a supplement dated November 7, 2019. Each Warrant entitled the holder thereof to purchase one Subordinate Voting Share at an exercise price of C\$17.25 per share at any time prior to 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. 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 at the close of business on December 9, 2020 of C\$1.00 = \$0.781. See “Note 9—Debt” for further information.

(o) Share Capital

Common shares are classified as equity. The proceeds from the exercise of stock options or warrants together with amounts previously recorded in reserves over the vesting periods are recorded as share capital. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

(p) Earnings Per Share

The Company computes basic earnings attributable to common shareholders per share by dividing net income attributable to common shareholders by the weighted average number of common shares outstanding for the reporting period. Diluted earnings per share attributable to shareholders gives effect to all potential dilutive shares outstanding during the period. The number of dilutive shares is calculated using the treasury stock method which reduces the effective number of shares by the amount of shares the Company could purchase with the proceeds of assumed exercises.

(q) Advertising Costs

Advertising costs which are expensed as incurred and are included in sales and marketing expenses were \$2.1 million, \$1.9 million and \$0.3 million for the years ended December 31, 2020 2019, and 2018, respectively.

(r) Net Income and Comprehensive Income

The Company does not have any elements of other comprehensive income, therefore net income and comprehensive income are the same.

(s) Critical accounting estimates and judgments

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in

the period in which the estimates are revised and in any future periods affected. Significant judgments, estimates and assumptions that have the most significant effect on the amounts recognized in the consolidated financial statements are described below.

Accounting for acquisitions and business combinations

The Company has treated the acquisitions described in *Note 3 (a) (b) and (c)* as business combinations. In a business combination, all identifiable assets, liabilities and contingent liabilities acquired, and consideration paid are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied.

The Company has treated the acquisitions described in *Note 3 (d) and (e)* as asset acquisitions. Treatment as a business combination would have resulted in the Company expensing the acquisition costs and recognition of a deferred tax liability related to licenses.

Inventories

The net realizable value of inventories represents the estimated selling price for inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. The determination of net realizable value requires significant judgment, including consideration of factors such as shrinkage, the aging of and future demand for inventory, expected future selling price, what we expect to realize by selling the inventory and the contractual arrangements with customers. Reserves for excess and obsolete inventory are based upon quantities on hand, projected volumes from demand forecasts and net realizable value. The estimates are judgmental in nature and are made at a point in time, using available information, expected business plans and expected market conditions. As a result, the actual amount received on sale could differ from the estimated value of inventory. Periodic reviews are performed on the inventory balance. The impact of changes in inventory reserves is reflected in cost of goods sold.

Goodwill impairment

Goodwill is tested for impairment annually and whenever events or changes in circumstances indicate that the carrying amount of goodwill may have been impaired. In order to determine that the value of goodwill may have been impaired, the Company performs a qualitative assessment to determine that it was more-likely-than-not if the reporting unit's carrying value is less than the fair value, indicating the potential for goodwill impairment. A number of factors, including historical results, business plans, forecasts and market data are used to determine the fair value of the reporting unit. Changes in the conditions for these judgments and estimates can significantly affect the assessed value of goodwill.

Leases—(ASU 842)

Leases requires lessees to discount lease payments using the rate implicit in the lease if that rate is readily available in accordance with ASU 842. If that rate cannot be readily determined, the lessee is required to use its incremental borrowing rate. The Company generally uses the incremental borrowing rate when initially recording real estate leases. Information from the lessor regarding the fair value of underlying assets and initial direct costs incurred by the lessor related to the leased assets is not available. The Company determines the incremental borrowing rate as the interest rate the Company would pay to borrow over a similar term the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Leases requires lessees to estimate the lease term. In determining the period which the Company has the right to use an underlying asset, management considers the non-cancellable period along with all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option.

Estimated useful lives and depreciation and amortization of property and equipment and intangible assets

Depreciation and amortization of property and equipment and intangible assets are dependent upon estimates of useful lives, which are determined through the exercise of judgment. The assessment of any impairment of these assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

Share-based payment arrangements

The Company uses the Black-Scholes pricing model to determine the fair value of warrants granted to employees and directors under share-based payment arrangements, where appropriate. In estimating fair value, management is required to make certain assumptions and estimates such as the expected life of units, volatility of the Company's future share price, risk free rates, and future dividend yields at the initial grant date. Changes in assumptions used to estimate fair value could result in materially different results.

The Company classified its stock warrants as either liability or equity instruments in accordance with ASC 480, "Distinguishing Liabilities from Equity" (ASC 480) and ASC 815, "Derivatives and Hedging" (ASC 815), depending on the specific terms of the warrant agreement.

Because of the Canadian denominated exercise price, the June and November Warrants did not qualify to be classified within equity and were therefore classified as derivative liabilities at fair value with changes to earnings in the statements of operations. On December 10, 2020, the Company amended the terms of the Warrants to convert the exercise price of the Warrants to U.S. Dollar which were then classified as equity on the consolidated Balance Sheet.

The fair value of all warrants issued are determined by using the Black-Scholes valuation technique and were assigned based on the relative fair value of both the debt and the warrants issued.

(t) Recently Issued Accounting Pronouncements

Recent accounting pronouncements, other than those below, issued by the FASB, the 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 February 2016, the FASB issued ASU No. 2016-02, Leases, which clarifies and improves existing authoritative guidance related to leasing transactions. This ASU will require the recognition of lease assets and liabilities for operating leases with terms of more than 12 months. The presentation of leases within the consolidated statement of operations and comprehensive income and cash flows will be substantially consistent with previous accounting guidance. This update is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The Company implemented this guidance in the first quarter of 2019 using the modified retrospective transition method and did not restate comparative periods. Refer to *Note 10—Leases* (ASC 842) for more information.

In June 2016, the FASB issued 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 is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company adopted ASU 2016-13 on January 1, 2020 and adoption did not have a material impact on the Company's consolidated 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 is effective for annual and interim periods beginning after December 15, 2019. Early adoption is permitted. The Company adopted ASU 2018-13 on January 1, 2020 and the adoption did not have a material impact on the Company’s consolidated financial statements.

In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740)—Simplifying the Accounting for Income Taxes, which is intended to simplify various aspects related to accounting for income taxes. ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. ASU 2019-12 is effective for the Company beginning January 1, 2021. The Company is currently evaluating the effect of adopting this ASU on the Company’s consolidated financial statements.

3. ACQUISITIONS

(a) PurePenn, LLC and Pioneer Leasing & Consulting, LLC

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, and related operating results are included in the accompanying consolidated statements of operations and comprehensive income, changes in shareholders’ equity, and statement of cash flows for periods subsequent to the acquisition date. Total transaction costs related to the acquisition were approximately \$1.8 million and have been included in the year ended December 31, 2020 consolidated statements of operations and comprehensive income. Goodwill arose because the consideration paid for the business acquisition reflected the benefit of expected revenue growth and future market development. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. Goodwill is subject to the limits of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to the cost of production, therefore goodwill is not deductible.

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

(dollars in thousands)

| | |
|---|------------------|
| Consideration: | |
| Cash | \$ 19,000 |
| Shares issued upon issuance | 27,000 |
| Contingent consideration payable in shares | 50,000 |
| Fair value of consideration exchanged | <u>\$ 96,000</u> |
| Recognized amounts of identifiable assets acquired and liabilities assumed: | |
| Cash | \$ 563 |
| Accounts receivable | 1,300 |
| Prepays and other current assets | 376 |
| Inventory | 7,461 |
| Property and equipment, net | 26,233 |
| Intangible assets: | |
| Tradenname | 580 |
| Moxie license | 2,960 |
| State license | 45,310 |
| Goodwill | 47,311 |
| Other assets | 478 |
| Accounts payable and accrued expenses | (2,189) |
| Construction liability | (17,413) |
| Deferred tax liability | (16,970) |
| Total net assets acquired | <u>96,000</u> |

(b) Keystone Relief Centers, LLC

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, and related operating results are included in the accompanying consolidated statements of operations and comprehensive income, changes in shareholders’ equity, and statement of cash flows for periods of subsequent to the acquisition date. Total transaction costs related to the acquisition were approximately \$0.9 million and have been included in the year ended December 31, 2020 consolidated statements of operations and comprehensive income. Goodwill arose because the consideration paid for the business acquisition reflected the benefit of expected revenue growth and future market development. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. Goodwill is subject to the limits of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to the cost of production, therefore goodwill is not deductible.

The preliminary valuation was based on Management’s estimates and assumptions which are subject to change within the purchase price allocation period (generally one year from the acquisition date). The primary areas of the purchase price allocation that are not yet finalized relate to the valuation of the tangible and intangible assets acquired and the residual goodwill.

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

(dollars in thousands)

| | |
|---|-----------------|
| Consideration: | |
| Cash | \$10,000 |
| Shares issued upon issuance | 10,000 |
| Contingent consideration payable in shares | 15,000 |
| Net working capital adjustment | 715 |
| Fair value of consideration exchanged | <u>\$35,715</u> |
| Recognized amounts of identifiable assets acquired and liabilities assumed: | |
| Cash | \$ 1,229 |
| Accounts receivable | 117 |
| Prepays and other current assets | 91 |
| Inventory | 2,337 |
| Property and equipment, net | 2,245 |
| Right of use asset | 2,156 |
| Intangible assets: | |
| Dispensary License | 16,090 |
| Tradenname | 930 |
| Goodwill | 19,473 |
| Accounts payable and accrued expenses | (790) |
| Lease liability | (2,156) |
| Deferred tax liability | <u>(6,007)</u> |
| Total net assets acquired | <u>\$35,715</u> |

The consolidated unaudited proforma revenue and net income, which includes our acquisition of PurePenn and Solevo Wellness, assuming the acquisition occurred on January 1, 2020 through December 31, 2020 were approximately \$575.2 million and \$75.7 million. Financial information is not available for the years ended December 31, 2019 and 2018.

(c) The Healing Corner, Inc.

On May 21, 2019, the Company acquired all of the issued and outstanding shares of The Healing Corner, Inc. The purpose of this acquisition was to acquire the medical marijuana license in the State of Connecticut. The acquisition was financed with cash on hand and borrowings. The acquisition was accounted for as a business combination in accordance with Accounting Standards Codification (ASC) 805, Business Combinations, and related operating results are included in the accompanying consolidated statements of operations and comprehensive income, changes in shareholders' equity, and statements of cash flows for periods subsequent to the acquisition date. Total transaction costs related to the acquisition were approximately \$0.3 million and has been included in the year ended December 31, 2019 consolidated statements of operations and comprehensive income. Goodwill arose because the consideration paid for the business acquisition reflected the benefit of expected revenue growth and future market development. These benefits were not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. Goodwill is subject to the limits of IRC Section 280E under which the Company is only allowed to deduct expenses directly related to the cost of production.

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

(dollars in thousands)

| | |
|---|-----------------|
| Consideration: | |
| Cash | \$19,900 |
| Fair value of consideration exchanged | <u>\$19,900</u> |
| Recognized amounts of identifiable assets acquired and liabilities assumed: | |
| Cash | \$ 2 |
| Inventory | 73 |
| Prepays | 4 |
| Property and equipment, net | 203 |
| Intangible assets: | |
| Dispensary License | 14,300 |
| Trademark | 321 |
| Customer Relationship | 1,000 |
| Non-Compete | 35 |
| Goodwill | 7,316 |
| Accrued expenses | (4) |
| Deferred tax liability | <u>(3,350)</u> |
| Total net assets acquired | <u>\$19,900</u> |

(d) Life Essence, Inc.

On December 13, 2018, the Company acquired all of the issued and outstanding shares of Life Essence, Inc. The purpose of this acquisition was to acquire the licenses to operate three medical marijuana dispensaries and a marijuana cultivation and processing facility. The acquisition was financed with cash on hand. The Company determined that the net assets acquired did not meet the definition of a business in accordance with ASC 805, Business Combinations, and was therefore accounted for as an asset acquisition. Operating results of the acquired entity are included in the accompanying consolidated statement of operations and comprehensive income, changes in shareholders' equity, and cash flows for periods subsequent to the acquisition date.

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

(dollars in thousands)

| | |
|---|-----------------|
| Consideration: | |
| Cash | \$ 4,125 |
| Transaction costs | <u>270</u> |
| Fair value of consideration exchanged | <u>\$ 4,395</u> |
| Recognized amounts of identifiable assets acquired and liabilities assumed: | |
| Intangible asset—dispensary license | \$ 6,144 |
| Accrued expenses | (121) |
| Deferred tax liability | <u>(1,628)</u> |
| Total net assets acquired | <u>\$ 4,395</u> |

(e) Leef Industries, LLC

On November 30, 2018, the Company acquired 80% of the issued and outstanding membership interests of Leef Industries, LLC. Payment for 19% occurred in 2019 and payment for the remaining 1% was made in 2020. The purpose of this acquisition was to acquire the recreational marijuana license. The Company deterred that the net assets acquired did not meet the definition of a business in accordance with ASC 805, Business Combinations, and was therefore accounted for as an asset acquisition. Operating results of the acquired entity are included in the accompanying consolidated statement of operations and comprehensive income, changes in shareholders' equity, and cash flows for periods subsequent to the acquisition date.

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

(dollars in thousands)

| | |
|---|-------------------|
| Consideration: | |
| Cash | \$ 3,250 |
| Balance of Purchase Price Payable | 750 |
| Transaction costs | 25 |
| | <u> </u> |
| Fair value of consideration exchanged | <u>\$ 4,025</u> |
| Recognized amounts of identifiable assets acquired and liabilities assumed: | |
| Cash | \$ 7 |
| Inventory | 19 |
| Property and equipment, net | 8 |
| Intangible assets: | |
| Dispensary License | 5,470 |
| Tradename | 10 |
| Accrued expenses | (38) |
| Deferred tax liability | <u>(1,452)</u> |
| Total net assets acquired | <u>\$ 4,025</u> |

(f) Patient Centric of Martha's Vineyard Ltd.

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 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.

4. INVENTORIES

Inventories are comprised of the following items at December 31:

| | <u>2020</u> | <u>2019</u> |
|--|-------------------------------|------------------------|
| | <i>(dollars in thousands)</i> | |
| Raw Material | | |
| Cannabis plants | 10,661 | \$10,835 |
| Harvested Cannabis and Packaging | <u>11,233</u> | <u>8,132</u> |
| Total Raw Material | 21,894 | 18,967 |
| Work in Process | 54,781 | 34,212 |
| Finished Goods-Unmedicated | 3,908 | 5,263 |
| Finished Goods-Medicated | <u>17,730</u> | <u>7,538</u> |
| Total Inventories | <u><u>98,312</u></u> | <u><u>\$65,981</u></u> |

5. PROPERTY AND EQUIPMENT

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

| | <u>2020</u> | <u>2019</u> |
|---|-------------------------------|-------------------------|
| | <i>(dollars in thousands)</i> | |
| Land | \$ 5,022 | \$ 4,479 |
| Buildings & Improvements | 112,692 | 89,542 |
| Construction in Progress | 182,962 | 24,732 |
| Furniture & Equipment | 46,532 | 38,659 |
| Vehicles | <u>351</u> | <u>288</u> |
| Total | 347,559 | 157,701 |
| Less: accumulated depreciation | <u>(29,858)</u> | <u>(12,953)</u> |
| Total property and equipment, net | <u><u>\$317,701</u></u> | <u><u>\$144,748</u></u> |

For the years ended December 31, 2020, 2019 and 2018, the Company capitalized interest of \$4.8 million, \$0.5 million and \$1.0 million, respectively.

For the years ended December 31, 2020, 2019 and 2018, there was depreciation expense of \$16.9 million, \$9.3 million and \$3.0 million, respectively.

J.T. Burnette, the spouse of Kim Rivers, the Chief Executive Officer and Chair of the board of directors of the Company, 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 years ended December 31, 2020, 2019 and 2018, property and equipment purchases from the Supplier totaled \$96.7 million, \$46.4 million and \$12.1 million, respectively. As of December 31, 2020 and 2019, \$10.4 million and \$6.5 million was included in accounts payable. The use of the Supplier was reviewed and approved by the independent members of the Company's board of directors, and all invoices of the Supplier are reviewed by the office of the Company's general counsel.

6. INTANGIBLE ASSETS & GOODWILL

At December 31, 2020 and 2019, definite-lived intangible assets consisted of the following:

| | December 31, 2020 | | | | |
|-------------------------------|-------------------|-----------------------------------|-----------------------------------|-------------------------|-----------------|
| | Net amount | Acquired license agreements | Additions from acquisitions | Amortization expense | Net amount |
| <i>(dollars in thousands)</i> | | | | | |
| Licenses | \$24,538 | \$887 | \$61,400 | \$2,308 | 84,517 |
| Moxie brand | — | — | 2,960 | 132 | 2,828 |
| Tradenames | 800 | — | 1,510 | 201 | 2,109 |
| Customer relationship | 883 | — | — | 200 | 683 |
| Non-compete | 25 | — | — | 18 | 7 |
| Trademarks | 134 | — | — | 134 | — |
| | <u>\$26,380</u> | <u>\$887</u> | <u>\$65,870</u> | <u>\$2,992</u> | <u>90,144</u> |
| | | | | | |
| | December 31, 2019 | | | | |
| | Net amount | Acquired license agreements | Additions from acquisitions | Amortization expense | Net amount |
| <i>(dollars in thousands)</i> | | | | | |
| Licenses | \$11,568 | \$— | \$14,300 | \$1,330 | \$24,538 |
| Moxie brand | — | — | — | — | — |
| Tradenames | 900 | — | — | 100 | 800 |
| Customer relationship | — | — | 1,000 | 117 | 883 |
| Non-compete | — | — | 35 | 10 | 25 |
| Trademarks | 9 | — | 321 | 196 | 134 |
| | <u>\$12,477</u> | <u>\$—</u> | <u>\$15,656</u> | <u>\$1,753</u> | <u>\$26,380</u> |

Amortization expense for the years ended December 31, 2020 and 2019 was \$3.0 million and \$1.8 million, respectively.

The following table outlines the estimated future annual amortization expense related to intangible assets as of December 31, 2020:

| <u>Year Ended December 31,</u> | <u>Estimated Amortization</u> |
|--------------------------------|-----------------------------------|
| | <i>(dollars in thousands)</i> |
| 2021 | \$ 7,914 |
| 2022 | 7,823 |
| 2023 | 7,038 |
| 2024 | 6,066 |
| 2025 | 5,982 |
| Thereafter | 55,321 |
| | <u>\$90,144</u> |

Goodwill arose from the acquisition of PurePenn, LLC, Pioneer Leasing & Consulting and Solevo Wellness, and The Healing Corner, Inc. see "Note 3—Acquisitions". The Company tested for impairment in the fourth quarter of the year ended December 31, 2020.

At December 31, 2020, Goodwill consisted of the following:

| | |
|---|------------------------|
| <i>(dollars in thousands)</i> | |
| At January 1, 2019 | \$ — |
| Acquisition of The Healing Corner, Inc. | 7,316 |
| At of December 31, 2019 | \$ 7,316 |
| Acquisition of PurePenn, LLC and Pioneer Leasing & Consulting, LLC | 47,311 |
| Acquisition of Solevo Wellness | 19,473 |
| At December 31, 2020 | <u>\$74,100</u> |

7. NOTES PAYABLE

At December 31, 2020 and 2019, notes payable consisted of the following:

| | | |
|--|-------------------------------|-----------------|
| | <u>2020</u> | <u>2019</u> |
| | <i>(dollars in thousands)</i> | |
| Promissory note dated April 10, 2017, with annual interest at 12%, due between April and July 2022. | \$ 4,000 | \$ 4,000 |
| Promissory note dated December 7, 2017, with annual interest at 12%, secured by certain property located in Miami, FL, due December 2021. | 2,000 | 2,000 |
| Less current portion | <u>(2,000)</u> | <u>(2,000)</u> |
| Long Term Notes Payable | <u>\$ 4,000</u> | <u>\$ 4,000</u> |

The unsecured promissory note dated April 10, 2017, was amended in January 2019 to extend the maturity date by three years to 2022, all other terms remain unchanged.

The promissory note dated December 7, 2017, has terms allowing the lender to request prepayment at any time once the Company had raised in excess of \$24.0 million. In conjunction with the close of the SR Offering, the promissory note became due on demand.

Stated maturities of notes payables are as follows:

| | |
|--------------------------------|-------------------------------|
| <u>Year Ended December 31,</u> | <i>(dollars in thousands)</i> |
| 2020 | \$ — |
| 2021 | 2,000 |
| 2022 | <u>4,000</u> |
| | <u>\$6,000</u> |

8. NOTES PAYABLE RELATED PARTY

At December 31, 2020 and 2019, notes payable to related parties consisted of the following:

| | | | |
|---|-------------------------------|-----------------|-----------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
| | <i>(dollars in thousands)</i> | | |
| Notes payable due to related parties, with varying interest rates between 8% to 12% annual, with varying maturity dates. | \$ 12,011 | \$12,952 | \$14,215 |
| Less debt discount | — | (49) | (141) |
| Less current portion | <u>(12,011)</u> | <u>(924)</u> | <u>(1,427)</u> |
| Non-current portion | <u>\$ —</u> | <u>\$11,979</u> | <u>\$12,647</u> |

In February 2019, the Company entered into a 24-month unsecured loan with an 8% annual interest rate with Benjamin Atkins, a former director and shareholder for \$0.3 million. The loan was issued in March 2019. The Company determined that the stated interest rate was below market rates and recorded a debt discount of \$10,092 using an annual discount interest rate of 12%.

In March 2018, the Company entered into a 24-month unsecured loan with an 8% annual interest rate with Benjamin Atkins, a former director and shareholder for \$0.2 million. The loan was funded in April 2018. The Company determined that the stated interest rate was below market rates and recorded a debt discount of \$6,232 using an annual discount interest rate of 12%.

In April 2018, the Company entered into a \$6.0 million unsecured promissory note with Clearwater GPC, an entity controlled by members of management and shareholders with a 24-month maturity and 12% annual interest rate. Approximately \$1.5 million of the outstanding balance of C2C lines of credit was extinguished in lieu of cash proceeds as part of the funding of this promissory note. The Company shall make monthly interest payments to the lender and all outstanding principal and any unpaid accrued interest shall be due and payable in full on maturity. If the Company goes public on any foreign or domestic exchange, this promissory note will be due within 90 days of the initial public offering. The Company did go public and in September 2018 the note was paid in full.

In May 2018, the Company entered into two separate unsecured promissory notes (the “Traunch Four Note” and the “Rivers Note”) for a total of \$12.0 million. The Traunch Four Note is held by Traunch Four, LLC, an entity whose direct and indirect owners include Kim Rivers, the Chief Executive Officer and Chair of the Board, as well as Thad Beshears, Richard May, George Hackney, all of whom are directors of Trulieve, and certain of Richard May’s family members. The Rivers Note is held by Kim Rivers. Each promissory note has a 24-month maturity and 12% annual interest rate. The two unsecured promissory notes were amended in December 2019 to extend the maturity one year to May 2021, all other terms remain unchanged.

In June 2018, the Company entered into a 24-month unsecured loan with an 8% annual interest rate with Benjamin Atkins, a former director and shareholder for \$0.3 million. The Company determined that the stated interest rate was below market rates and recorded a debt discount of \$10,276 using an annual discount interest rate of 12%.

In November 2018, the Company entered into two separate 24-month unsecured loans each with an 8% annual interest rate with Benjamin Atkins, a former director and shareholder for a total of \$0.5 million. The Company determined that the stated interest rate was below market rates and recorded a debt discount for a total of \$18,624 using an annual discount interest rate of 12%.

As disclosed in the consolidated statements of cash flows, under other noncash investing and financing activities, the noncash portion of the notes for the years ended December 31, 2019 and 2018 was \$0.3 million and \$3.1 million, respectively, and was used to finance acquisition of property and equipment. The lenders paid for the property and equipment directly while issuing the Company promissory notes and the Company took custody of the property and equipment.

Stated maturities of notes payable to related parties are as follows:

| <u>Year Ended December 31,</u> | <i>(dollars in thousands)</i> |
|--------------------------------|-------------------------------|
| 2021 | <u>\$12,011</u> |
| | <u>\$12,011</u> |

9. DEBT

On May 16, 2019, the Company completed a private offering of an aggregate principal amount of \$17.8 million of 9.75% unsecured notes of the Company maturing on August 14, 2019 (the “Bridge Notes”). In connection with the closing of the June Units (defined below), the Company repaid the Bridge Notes.

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 \$70.0 million. 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 \$13.47 (the “June Warrants”), which can be exercised for three years after the closing.

The fair value of the June Notes was determined to be \$63.9 million using an interest rate of 13.32% which the Company estimates would have been the coupon rate required to issue the notes had the financing not included the June Warrants. The fair value of the June Warrants was determined to be \$4.7 million using the Black-Scholes option pricing model and the following assumptions: Share Price: C\$14.48; Exercise Price: C\$17.25; Expected Life: 3 years; Annualized Volatility: 49.96%; Dividend yield: 0%; Discount Rate: 1.92%; C\$ Exchange Rate: 1.34.

Issuance costs totaling \$3.1 million were allocated between the June Notes and the June Warrants based on their relative fair values with \$2.9 million allocated to the June Notes and \$0.2 million expensed as incurred.

The June Notes will accrete from their carrying value on June 18, 2019 of \$60.1 million to \$70.0 million at maturity in 5 years using an effective interest rate of 13.32%. For the years ended December 31, 2020 and 2019 accretion expense of \$1.5 million and \$0.7 million respectively, was included in general and administrative expenses in the statements of operations and comprehensive income.

Because of the Canadian denominated exercise price, the June Warrants did not qualify to be classified within equity and were therefore classified as derivative liabilities at fair value with changes in fair value charged or credited to earnings in the consolidated statements of operations and comprehensive income prior to December 10, 2020.

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.

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 \$60.0 million of 9.75% senior 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 a gross proceeds of \$61.1 million. Each Unit was comprised of one Note issued in denominations of \$1,000 and 26 Warrants.

The fair value of the November Notes was determined to be \$56.7 million using an interest rate of 13.43% which the Company estimates would have been the coupon rate required to issue the notes had the financing not included the November Warrants. The fair value of the November Warrants was determined to be \$4.4 million

using the Black-Scholes option pricing model and the following assumptions: Share Price: C\$14.29; Exercise Price: C\$17.25; Expected Life: 2.6 years; Annualized Volatility: 48.57%; Dividend yield: 0%; Discount Rate: 1.92%; C\$ Exchange Rate: 1.32

Issuance costs totaling \$2.1 million were allocated between the November Notes and the November Warrants based on their relative fair values with \$2.0 million allocated to the November Notes and \$0.2 million expensed in the consolidated statements of operations and comprehensive income.

The November Notes will accrete from their carrying value on November 7, 2019 of \$54.7 million to \$60.0 million at maturity in 4.6 years using an effective interest rate of 13.43%. For the years ended December 31, 2020 and 2019, the Company incurred accretion expense of \$1.3 million and \$0.1 million which is included in general and administrative in the consolidated statements of operations and comprehensive income .

Because of the Canadian denominated exercise price, the November Warrants did not qualify to be classified within equity and were therefore classified as derivative liabilities at fair value with changes in fair value charged or credited to earnings in the consolidated statements of operations and comprehensive income prior to December 10, 2020.

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 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.

The \$130.0 million principal amount of the June and November Notes are due in June 2024.

Scheduled annual maturities of the principal portion of long-term debt outstanding at December 31, 2020 in the successive five-year period and thereafter are summarized below:

| <u>Year Ended December 31,</u> | <u>Other Long-term Liabilities</u> |
|---|--|
| | <i>(dollars in thousands)</i> |
| 2021 | \$ — |
| 2022 | — |
| 2023 | — |
| 2024 | 130,000 |
| 2025 | |
| Thereafter | — |
| Total Debt | 130,000 |
| Less: Unamortized debt issuance costs | (12,835) |
| Net Debt | <u>\$117,165</u> |

The net debt of \$117.2 million is recorded as other long-term liabilities in our consolidated balance sheet as of December 31, 2020

10. 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.

Management elected to utilize the practical expedients permitted under the transition guidance within Topic 842, which allowed the Company to carry forward prior conclusions about lease identification, classification and initial direct costs for leases entered prior to adoption of Topic 842. Additionally, management elected not to separate lease and non-lease components for all of the Company’s leases. For leases with a term of 12 months or less, management elected the short-term lease exemption, which allowed the Company to not recognize right-of-use assets (“ROU”) or lease liabilities for qualifying leases existing at transition and new leases the Company may enter into in the future.

The Company leases real estate used for dispensaries, production plants, and corporate offices. Lease terms for real estate generally range from 5 to 10 years. Most leases include options to renew for varying terms at the Company’s sole discretion. Other leased assets include passenger vehicles and trucks and equipment. Lease terms for these assets generally range from 3 to 5 years. Certain leases include escalation clauses or payment of executory costs such as property taxes, utilities, or insurance and maintenance. Rent expense for leases with escalation clauses is accounted for on a straight-line basis over the lease term. The Company’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

As a result of the adoption of ASU 2016-02, the Company recorded operating right-of-use assets of \$21.7 million, operating lease liabilities of \$22.4 million and finance ROU assets and corresponding lease liabilities of \$1.2 million. Upon adoption of ASU 2016-02, operating ROU assets were adjusted for deferred rent and prepaids as of January 1, 2019. The Company’s incremental borrowing rate is used in determining the present value of future payments at the commencement date of the lease, or for the adoption of ASU 2016-02, at January 1, 2019. Balances related to operating and finance leases are included in ROU assets and lease liabilities in the 2019 consolidated balance sheet.

The following table provides the components of lease cost recognized in the consolidated statement of operations and comprehensive income for the year ended December 31, 2020 and 2019.

| <u>Lease Cost</u> | <u>Year Ended December 31,</u> | |
|---|------------------------------------|----------------|
| | <u>2020</u> | <u>2019</u> |
| Operating lease cost | 5,700 | 5,542 |
| Finance lease cost: | | |
| Amortization of lease assets | 4,956 | 1,984 |
| Interest on lease liabilities | 2,133 | 960 |
| Finance lease cost | 7,089 | 2,944 |
| Variable lease cost | 222 | 192 |
| Total lease cost | <u>\$13,010</u> | <u>\$8,678</u> |

Other information related to operating and finance leases as of and for the year ended December 31, 2020 are as follows:

| | <u>Finance Lease</u> | <u>Operating Lease</u> |
|--|--------------------------|----------------------------|
| Weighted average discount rate | 8.36% | 8.64% |
| Weighted average remaining lease term (in years) | 8.51 | 7.49 |

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

| <u>Year Ended December 31,</u> | <u>Finance Lease</u> | <u>Operating Lease</u> |
|---|-------------------------------|----------------------------|
| | <i>(dollars in thousands)</i> | |
| 2021 | \$ 6,964 | \$ 5,480 |
| 2022 | 6,642 | 5,405 |
| 2023 | 6,257 | 5,276 |
| 2024 | 5,787 | 4,921 |
| 2025 | 5,588 | 4,843 |
| Thereafter | <u>24,669</u> | <u>14,225</u> |
| Total undiscounted lease liabilities | 55,907 | 40,150 |
| Interest on lease liabilities | <u>(16,972)</u> | <u>(10,545)</u> |
| Total present value of minimum lease payments | 38,935 | 29,605 |
| Lease liability—current portion | <u>3,877</u> | <u>3,154</u> |
| Lease liability | \$ 35,058 | \$ 26,450 |

11. 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 completed the tenant improvements related to the property, for which the landlord has provided a tenant improvement allowance (“TI Allowance”) for \$40.0 million. As of December 31, 2020, and December 31, 2019 \$40.0 million and \$2.5 million, respectively, of the TI Allowance has been provided respectively. 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 December 31, 2020 and 2019, the total finance liability associated with this transaction is \$43.9 million and \$6.1 million, respectively.

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 December 31, 2020 and 2019, the total finance liability associated with this transaction is \$17.2 million and \$16.9 million, respectively.

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

The Company is making interest only payments through 2024 with the entire balance of \$23.0 million due thereafter.

In October 2019, prior to acquisition by the Company, PurePenn, LLC (“PurePenn”) sold their cannabis cultivation facility in Pennsylvania for \$5.0 million. Simultaneously with the closing of the sale, PurePenn agreed to lease the cultivation facility back.

The initial term of the lease is fifteen years, with two five-year options to renew. The landlord has agreed to provide a tenant improvement allowance of \$21.0 million as an additional component of base rent. Payments are made based on one twelfth (1/12) of the TI allowance dispersed with 12.75% due for the first \$5.0 million and 13.75% thereafter. As of December 31, 2020, \$16.7 million of the TI allowance has been provided. Subsequent to December 31, 2020, the Company entered into an amendment with the landlord to increase the tenant improvement allowance to \$36.5 million at a rate of 10.75% on the additional allowance in excess of \$21.0 million.

12. SHARE CAPITAL

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

(i) Unlimited number of Subordinate Voting Shares

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

As of December 31, 2020, 2019 and 2018, there were 59,952,461 and 35,871,672 and 11,135,117 Subordinate Voting Shares issued and outstanding, respectively.

(ii) Unlimited number of Multiple Voting Shares

Holders of Multiple Voting shares are entitled to notice of and to attend any meetings of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company have the right to vote. At each such meeting, holders of Multiple Voting Shares are entitled to one vote in respect of each Subordinate Voting Share into which such Multiple Voting Share could ultimately then be converted (initially, 100 votes per Multiple Voting Share). The initial “Conversion Ratio” for Multiple Voting Shares is 100 Subordinate Voting shares for each Multiple Voting Share, subject to adjustment in certain event. Holders of Multiple Voting Shares have the right to receive dividends, out of any cash or other assets legally available therefor, *pari passu* (on an as converted basis, assuming conversion of all Multiple Voting Shares into Subordinate Voting Shares at the Conversion Ratio) as to dividends and any declaration or payment of any dividend on the Subordinate Voting Shares.

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

As of December 31, 2020, 2019 and 2018, there were 14,390, 66,614 and 137,505 Multiple Voting Shares issued and outstanding, respectively, which were equal to 1,439,037, 6,661,374 and 13,750,451 Subordinate Voting Shares, respectively, if converted. During the year ended December 31, 2019, 70,891 Multiple Voting Shares were converted into 7,089,077 Subordinate Voting Shares. There were no Multiple Voting Shares converted during the year ended December 31, 2018.

(iii) Unlimited number of Super Voting Shares

Holders of Super Voting Shares are entitled to notice of and to attend at any meeting of the shareholders of the Company, except a meeting of which only holders of another particular class or series of shares of the Company shall have the right to vote. At each such meeting, holders of Super Voting Shares are 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). 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 Company simultaneously declares or pays, as applicable, equivalent dividends (on an as-converted to Subordinate Voting Share basis) on the Subordinate Voting Shares and Multiple Voting Shares. The initial “Conversion Ratio” for the Super Voting Shares is one Multiple Voting Share for each Super Voting Share, subject to adjustment in certain events.

As of December 31, 2020, 2019 and 2018 there were 581,825, 678,133 and 852,466 Super Voting Shares issued and outstanding, respectively, which were equal to 58,182,500, 67,813,300 and 85,246,600 Subordinate Voting Shares, respectively, if converted. During the year ended December 31, 2019, 174,333 Super Voting Shares were converted into 17,433,300 Subordinate Voting Shares. There were no Super Voting Shares converted during the year ended December 31, 2018.

During the year ended December 31, 2018, the Company entered into four separate \$6.0 million promissory notes see “*Note 7—Notes Payable and Note 8—Notes Payable Related Party*”. In conjunction with the closing of the promissory notes, as additional consideration to the lenders, existing shareholders agreed to dilute their ownership and transfer shares from their personal shareholdings which were valued at \$0.2 million. The Company treated that dilution to additional paid in capital and as an additional debt discount of \$50,000 per note.

On August 27, 2018, concurrent with the Transaction, the Company completed a brokered private placement (the “SR Offering”) of 10,927,500 subscription receipts for gross proceeds of \$50.6 million, which after transaction costs resulted in net proceeds of \$47.5 million. The 10,927,500 issued and outstanding subscription receipts were exchanged for 10,927,500 Subordinate Voting Shares of the Company (3,573,450 of those Subordinate Voting Shares were immediately converted into 35,734.50 Multiple Voting Shares).

In connection with the SR Offering, Trulieve paid a cash fee to the Agents equal to 6.0% of the gross proceeds of the SR Offering, provided that the cash fee payable to the Agents was reduced to 3.0% in respect of sales to subscribers on a president’s list. As additional consideration, the Agents were granted an aggregate of 535,446 broker warrants (the “Broker Warrants”) on closing of the SR Offering.

The Broker Warrants are exercisable at any time prior to the date that is 24 months following the date that the Escrow Release Conditions are satisfied to acquire one Trulieve Share at the SR Offering Price, see “*Note 14—Reverse Takeover Transaction*”. In October 2018, 321,268 broker warrants were exercised for proceeds of approximately \$1.5 million. In August 2019, 214,178 broker warrants were exercised for proceeds of approximately \$964,000.

| | <u>Number of Warrants</u> | <u>Weighted average exercise price (\$CAD)</u> | <u>Weighted Average Remaining Contractual Life (Yrs)</u> |
|--|-----------------------------------|--|--|
| Outstanding and exercisable at December 31, 2017 | — | — | — |
| Granted | 535,446 | 6.00 | 2.00 |
| Exercised | <u>(321,268)</u> | <u>6.00</u> | <u>—</u> |
| Outstanding and exercisable at December 31, 2018 | 214,178 | 6.00 | 1.66 |
| Granted | — | — | — |
| Exercised | <u>(214,178)</u> | <u>6.00</u> | <u>—</u> |
| Outstanding and exercisable at December 31, 2019 | — | — | — |
| Granted | — | — | — |
| Exercised | <u>—</u> | <u>—</u> | <u>—</u> |
| Outstanding and exercisable at December 31, 2020 | — | — | — |

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

13. SHARE BASED COMPENSATION

Options

The Company has a Stock Option Plan (the “Plan”) as administered by the board of directors of the Company. 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 twelve months ended December 31, 2020, the Company used the Black-Scholes pricing model to establish the fair value of the options granted with the following assumptions:

| | <u>Year Ended December 31, 2020</u> |
|---|---|
| Fair Value at Grant Date | \$ 3.11 – \$3.26 |
| Stock Price at Grant Date | \$ 11.52 – \$12.50 |
| Exercise Price at Grant Date | \$ 11.52 – \$12.50 |
| Expected Life in Years | 1.58 – 2.00 |
| Expected Volatility | 49.10% – 50.15% |
| Expected Annual Rate of Dividends | 0% |
| Risk Free Annual Interest Rate | 1.40% – 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 employees is 15% as of the date of issuance, 25% vest on December 31, 2020, and 60% vest on December 31, 2021. For founding members of the board of directors, the options were fully vested on the date of grant. For non-founding members of the board of directors, 50% of the options were vested on December 31, 2020, and 50% will vest on December 31, 2021.

For the twelve months ended December 31, 2020, the Company recorded share-based compensation in the amount of \$2.8 million. This is recognized as \$0.2 million Cost of Goods Sold, Net, \$2.1 million General and Administrative and \$0.5 million Sales and Marketing in the condensed consolidated interim statements of operations and comprehensive income.

The number and weighted-average exercise prices and remaining contractual life of options at December 31, 2020 were as follows:

| | <u>Number of Options</u> | <u>Weighted average exercise price</u> | <u>Weighted Average Remaining Contractual Life (Yrs)</u> |
|--------------------------------------|----------------------------------|--|--|
| Outstanding at January 1, 2020 | — | \$ — | — |
| Granted | 1,252,403 | 11.70 | 1.93 |
| Exercised | (9,180) | 11.52 | — |
| Forfeited | <u>(113,444)</u> | <u>11.52</u> | <u>—</u> |
| Outstanding, December 31, 2020 | <u>1,129,779</u> | <u>11.72</u> | <u>1.92</u> |
| Exercisable, December 31, 2020 | 554,456 | \$11.70 | — |

Warrants

During the year ended December 31, 2018, the Company issued 8,784,872 warrants to certain employees and directors of the Company for past services provided. The warrants had no vesting conditions and are exercisable at any time for three years after the issuance, subject to certain lock-up provisions: (i) the warrants may not be exercised for 18 months following the Issue Date; (ii) 50% of the warrants may be exercised between months 19-24 following the Issue Date; and (iii) the remaining 50% of the warrants may be exercised at any time thereafter until expiration. The warrants are exchangeable into Subordinate Voting Shares. For the year ended December 31, 2018, the Company recognized \$15.0 million in share-based compensation expense. For the year ended December 31, 2020 and 2019, no warrants related to share-based compensation were issued.

The following table summarizes the warrants issued and outstanding to certain employees and directors of the Company as of December 31, 2020 and 2019 and the changes during the year ended December 31, 2020:

| | <u>Number of Warrants</u> | <u>Weighted average exercise price (\$CAD)</u> | <u>Weighted Average Remaining Contractual Life (Yrs)</u> |
|---|-----------------------------------|--|--|
| Outstanding as of December 31, 2018 | 8,784,872 | 6.00 | 2.72 |
| Granted | — | — | — |
| Exercised | — | — | — |
| Outstanding as of December 31, 2019 | <u>8,784,872</u> | <u>6.00</u> | <u>1.72</u> |
| Granted | — | — | — |
| Exercised | <u>2,723,311</u> | — | — |
| Outstanding as of December 31, 2020 | 6,061,561 | 6.00 | 0.72 |

In determining the amount of share-based compensation related to warrants issued during the year, the Company used the Black-Scholes pricing model to establish the fair value of the warrants granted. The weighted-average grant date fair value was \$1.71. The following were the assumptions utilized in the model during the year ended December 31, 2020

| | <u>December 31, 2020</u> |
|---|------------------------------|
| Stock Price (\$CAD) | \$6.00 |
| Exercise Price (\$CAD) | \$6.00 |
| Expected Life in Years | 3.00 |
| Annualized Volatility | 51% |
| Annual Rate of Quarterly Dividends | 0% |
| Discount Rate—Bond Equivalent Yield | 3% |

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 life of the warrants. The risk-free rate was based on the 3-year Treasury United States bond yield rate.

14. REVERSE TAKEOVER TRANSACTION

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.

Pursuant to the reverse merger, the historical financial statements of Trulieve, Inc. (the accounting acquirer) become the historical financial statements of Schyan (legal acquirer) on a go forward basis. As a result, Trulieve, Inc. has retroactively restated its share capital on a per share basis pursuant to Accounting Standards Codification (ASC) 805, Business Combinations to reflect that of the legal acquirer.

In consideration for the acquisition of Schyan, Trulieve is deemed to have issued 200,000 shares of Trulieve common stock representing \$0.1 million total value based on the concurrent financing subscription price of \$4.6328 “*Note 13—Share Capital*”. This represents an effective exchange ratio of Schyan shares of 0.01235 to 1.

The excess of the purchase price over net assets acquired was charged to the consolidated balance sheet as a reduction in share capital. Schyan equity was eliminated.

There were no identifiable assets of Schyan on the date of acquisition. The amounts below are accounted for as an offset to Additional Paid in Capital on the consolidated balance sheet as the transaction was accounted for as a recapitalization. The acquisition costs have been allocated as follows:

| | |
|---|-----------------------|
| Fair value of 200,000 shares issued | \$ 927 |
| Transaction costs | 460 |
| Total purchase price | <u>\$1,387</u> |

15. PROSPECTUS OFFERING

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 and issuance costs of \$0.1 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.

16. EARNINGS PER SHARE

The following is a reconciliation for the calculation of basic and diluted earnings per share for the years ended December 31, 2020, 2019 and 2018:

| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|--|-------------------------------|--------------------|--------------------|
| | <i>(dollars in thousands)</i> | | |
| Net Income | \$ 62,999 | \$ 53,094 | \$ 10,893 |
| Weighted average number of common shares outstanding | 113,572,379 | 110,206,103 | 101,697,002 |
| Dilutive effect of warrants and options outstanding | <u>4,753,345</u> | <u>5,111,839</u> | <u>1,504,125</u> |
| Diluted weighted average number of common shares outstanding | <u>118,325,724</u> | <u>115,317,942</u> | <u>103,201,127</u> |
| Basic earnings per share | \$ 0.55 | \$ 0.48 | \$ 0.11 |
| Diluted earnings per share | \$ 0.53 | \$ 0.46 | \$ 0.11 |

17. INCOME TAXES

The components of the income tax provision include:

| | Year Ended December 31, | | |
|----------------|--------------------------------|-----------------|-----------------|
| | <u>2020</u> | <u>2019</u> | <u>2018</u> |
| | <i>(dollars in thousands)</i> | | |
| Current | \$99,338 | \$51,494 | \$22,697 |
| Deferred | <u>(4,887)</u> | <u>(908)</u> | <u>(546)</u> |
| | <u>\$94,451</u> | <u>\$50,586</u> | <u>\$22,151</u> |

A reconciliation of the Federal statutory income tax rate percentage to the effective tax rate is as follows:

| | Year Ended December 31, | | |
|--|-------------------------------|------------------|-----------------|
| | 2020 | 2019 | 2018 |
| | <i>(dollars in thousands)</i> | | |
| Income before income taxes | \$157,450 | \$103,680 | \$33,044 |
| Federal statutory rate | 21.0% | 21.0% | 21.0% |
| Theoretical tax expense | 33,064 | 21,773 | 6,939 |
| State taxes | 12,406 | 9,477 | 4,366 |
| Other | (1,666) | 1,310 | 1,176 |
| Tax effect of non-deductible expenses: | | | |
| Nondeductible share based compensation | — | — | 3,154 |
| Section 280E permanent differences | 50,646 | 18,026 | 6,517 |
| | <u>61,386</u> | <u>28,813</u> | <u>15,212</u> |
| Tax expense | <u>\$ 94,451</u> | <u>\$ 50,586</u> | <u>\$22,151</u> |

Deferred income taxes consist of the following at December 31, 2020 and 2019, and 2018:

| | Year Ended December 31, | | |
|--------------------------------------|-------------------------------|------------------|------------------|
| | 2020 | 2019 | 2018 |
| | <i>(dollars in thousands)</i> | | |
| Deferred tax assets | | | |
| Lease liability | \$ 1,219 | \$ 1,020 | \$ — |
| Other deferred tax assets | 7,025 | 969 | 570 |
| Deferred tax liabilities | | | |
| Right of use assets | (1,210) | (1,099) | — |
| Intangible assets | (26,446) | (6,144) | (3,080) |
| Property and equipment | (3,153) | (233) | (534) |
| Lease payments | (1,010) | — | — |
| Net deferred tax liability | <u>\$(23,575)</u> | <u>\$(5,486)</u> | <u>\$(3,044)</u> |

The Company has an income tax filing obligation in Canada as well, but as there is not expected to be any income for the parent Company, there is no associated tax liability related to the Canadian filing, and any deferred tax asset is not being recognized because it is unlikely the Company will generate sufficient taxable income in Canada to utilize these assets.

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 \$3.9 million are recorded as other long-term liabilities in our consolidated balance sheet as of December 31, 2020 and 2019. No liability was recorded as of December 31, 2018. No interest and penalties were accrued based on the amount of estimated tax payments made through December 31, 2020.

18. RELATED PARTIES

The Company had raised funds by issuing notes to various related parties including directors, officers, and shareholders and the balance at December 31, 2020 and 2019 was \$12.0 million and \$13.0 million, respectively, as discussed in “*Note 8—Notes Payable Related Party*”.

J.T. Burnette, the spouse of Kim Rivers, the Chief Executive Officer and Chair of the board of directors of the Company, 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 years ended December 31, 2020 and 2019 and 2018, property and equipment purchases totaled \$96.7 million, \$46.4 million and \$12.1 million, respectively. As of December 31, 2020, and 2019, \$10.4 million and \$6.5 million was included in accounts payable in the consolidated balance sheets, as discussed in "Note 5—Property and Equipment". The use of the Supplier was reviewed and approved by the independent members of the Company's board of directors, and all invoices of the Supplier 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 December 31, 2020, and 2019, under ASC 842, the Company had \$15.4 million and \$18.9 million of right-of-use assets in Property and Equipment, Net, respectively. As of December 31, 2020 and 2019, \$1.8 million, is included in Lease Liability—Current in the Condensed Consolidated Balance Sheet.

19. CONTINGENCIES

(a) Operating Licenses

Although the possession, cultivation and distribution of cannabis for medical use is permitted in Florida, California, Connecticut, Pennsylvania and West Virginia cannabis is a Schedule-I controlled substance and its use remains a violation of federal law. Since federal law criminalizing the use of cannabis preempts state laws that legalize its use, strict enforcement of federal law regarding cannabis would likely result in the Company's inability to proceed with our business plans. In addition, the Company's assets, including real property, cash and cash equivalents, equipment and other goods, could be subject to asset forfeiture because cannabis is still federally illegal.

(b) Claims and Litigation

From time to time, the Company may be involved in litigation relating to claims arising out of operations in the normal course of business. Except as disclosed below, at December 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.

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 Company 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 Company in the United States District Court for the Eastern District of New York. Both complaints name the Company, Kim Rivers, and Mohan Srinivasan as defendants for allegedly making materially false and misleading statements regarding the Company'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 Company filed a motion to dismiss on September 11, 2020. The Company believes that the suit is immaterial and that the claims are without merit and intends to vigorously defend against them.

20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

(a) Financial Instruments

The Company's financial instruments consist of money market funds and warrant liability, to the point at which the warrants were converted to equity. Our financial instruments where carrying value approximates the fair value 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. Excluding the money market funds and warrant liability classified at fair value, the carrying values of these financial instruments approximate their fair values at December 31, 2020 and 2019 due to their short-term nature or because the effective interest rate applied to the balance approximates the market rate.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

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

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

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

The warrants liability is classified within level 2 of the fair value hierarchy.

There have been no transfers between hierarchy levels during the years ended December 31, 2020 and 2019, respectively.

The following tables present information about the Company's financial instruments and their classifications as of December 31, 2020 and 2019 and indicate the fair value hierarchy of the valuation inputs utilized to determine such fair value:

Fair Value Measurements at December 31, 2020 using:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---------------------------------|-------------------------------|----------------|----------------|--------------|
| | <i>(dollars in thousands)</i> | | | |
| Financial Assets: | | | | |
| Money Market Funds(1) | \$65,516 | \$— | \$— | \$65,516 |
| Financial Liabilities: | | | | |
| Warrant Liability(3) | \$ — | \$— | \$— | \$ — |

Fair Value Measurements at December 31, 2019 using:

| | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> | <u>Total</u> |
|---------------------------------|-------------------------------|----------------|----------------|--------------|
| | <i>(dollars in thousands)</i> | | | |
| Financial Assets: | | | | |
| Money Market Funds(1) | \$77,993 | \$ — | \$— | \$77,993 |
| Financial Liabilities: | | | | |
| Warrant Liability(2) | \$ — | \$9,892 | \$— | \$ 9,892 |

(1) Money market funds are included within cash and cash equivalents in the Company's consolidated balance sheets. As a short-term, highly liquid investments readily convertible to known amounts of cash, the Company's money market funds have carrying values that is fair value.

- (2) During the year ended December 31, 2020, the Company converted subordinate voting purchase warrants for the June and November debt to equity.
- (3) During the year ended December 31, 2019, the Company issued subordinate voting purchase warrants with the June and November debt see “*Note 9—Debt*”. The fair value of the June and November warrants was determined using the Black-Scholes options pricing model. These assumptions were based on the share price and other active market data that is observable, and therefore represent a level 2 measurement.

(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. During the year ended December 31, 2020, the Company completed several Debt financings see “*Note 9—Debt*”.

The following table summarizes the Company’s contractual cash flows:

| | <u><1 Year</u> | <u>1 to 3 Years</u> | <u>3 to 5 Years</u> | <u>>5 Years</u> | <u>Total</u> |
|--|-------------------|---------------------|---------------------|--------------------|--------------|
| Accounts Payable and Accrued Liabilities | \$41,902 | \$ — | \$ — | \$ — | \$ 41,902 |
| Notes Payable | 2,000 | 4,000 | — | — | 6,000 |
| Notes Payable—Related Party | 12,011 | — | — | — | 12,011 |
| Other Long-Term Liabilities | — | — | 130,000 | — | 130,000 |
| Operating Lease Liability | 5,480 | 10,681 | 9,764 | 14,225 | 40,150 |
| Finance Lease Liability | 6,964 | 12,899 | 11,375 | 24,669 | 55,907 |
| Construction Finance Liability | \$ — | \$ — | \$ 61,071 | \$20,977 | \$ 82,047 |

A summary for future minimum lease payments due under our Lease Liability has been disclosed in “*Note 10—Leases*”.

(c) Credit Risk

Management does not believe that the Company has credit risk related to its customers, as the Company’s revenue is generated primarily through cash transactions. The Company deals almost entirely with on demand sales and does not have any material wholesale agreements as of December 31, 2020. Concentrations of credit risk with respect to our cash and cash equivalents are limited primarily to amounts held with financial institutions.

(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 as a result of changes in market interest rates. Interest rates have a direct impact on the valuation of the Company’s debt warrants whose value is calculated by using the Black-Scholes method for fair value calculation, for which interest rates are a key assumption used in the Black-Scholes valuation model.

(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.

(e) Banking risk

Notwithstanding that a majority of states have legalized medical marijuana, there has been no change in U.S. federal banking laws related to the deposit and holding of funds derived from activities related to the marijuana

industry. Given that U.S. federal law provides that the production and possession of cannabis is illegal, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty accessing the U.S. banking system and traditional financing sources. The inability to open bank accounts with certain institutions may make it difficult to operate the businesses of the Company, its subsidiaries and investee companies, and leaves their cash holdings vulnerable. The Company has banking relationships in all jurisdictions in which it operates. In addition, the Company has cash balances in excess of Federal Deposit Insurance Corporation (the “FDIC”) limits, which results in the cash in excess of the FDIC limits being at risk if the financial institutions with which it does business fail.

(f) 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.

21. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 22, 2021, which is the date these consolidated financial statements were approved by the board of directors of the Company.

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.

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.

5,000,000 Subordinate Voting Shares



PROSPECTUS

Canaccord Genuity

April 7, 2021

CERTIFICATE OF THE COMPANY

April 7, 2021

This short form prospectus, together with the documents incorporated in this prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement as required by the securities legislation of each of the provinces and territories of Canada.

(signed) "*Kim Rivers*"

Kim Rivers
Chief Executive Officer

(signed) "*Alex D'Amico*"

Alex D'Amico
Chief Financial Officer

On Behalf of the Board of Directors

(signed) "*Thad Beshears*"

Thad Beshears
Director

(signed) "*Richard May*"

Richard May
Director

CERTIFICATE OF THE CANADIAN UNDERWRITERS

April 7, 2021

To the best of our knowledge, information and belief, the short form prospectus, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the securities legislation of each of the provinces and territories of Canada.

CANACCORD GENUITY CORP.

(signed) “*Steve Winokur*”

Steve Winokur
Managing Director, Investment Banking

CORMARK SECURITIES INC.

(signed) “*Alfred Avanesy*”

Alfred Avanesy
Managing Director, Head of Investment Banking

**ATB CAPITAL MARKETS
INC.**

(signed) “*Adam Carlson*”

Adam Carlson
Managing Director, Investment
Banking

**ECHELON WEALTH
PARTNERS INC.**

(signed) “*Peter Graham*”

Peter Graham
Managing Director, Investment
Banking

EIGHT CAPITAL

(signed) “*Elizabeth Staltari*”

Elizabeth Staltari
Managing Director, Investment
Banking

PI FINANCIAL CORP.

(signed) “*Vay Tham*”

Vay Tham
Managing Director, Investment
Banking