

**These financial statements for Trulieve Cannabis Corp. are also included in the Form 10-K for the quarter ended March 31, 2021 filed on SEDAR on May 13, 2021 in its entirety.**

**PART I—FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**Trulieve Cannabis Corp.**  
**Unaudited Interim Condensed Consolidated Balance Sheets**  
*(dollars in thousands)*

	March 31, 2021	December 31, 2020
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 162,450	\$ 146,713
Accounts Receivable	2,617	308
Inventories	103,910	98,312
Prepaid Expenses and Other Current Assets	25,180	19,815
Total Current Assets	294,157	265,148
Property and Equipment, Net	365,141	317,701
Right of Use Asset - Operating, Net	30,051	28,171
Right of Use Asset - Finance, Net	38,380	36,904
Intangible Assets, Net	91,968	90,144
Goodwill	70,208	74,100
Other Assets	7,549	3,944
<b>TOTAL ASSETS</b>	<b>\$ 897,455</b>	<b>\$ 816,112</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	\$ 42,038	\$ 41,902
Income Tax Payable	42,415	5,875
Deferred Revenue	6,780	7,178
Notes Payable - Current Portion	2,000	2,000
Notes Payable - Related Party - Current Portion	—	12,011
Operating Lease Liability - Current Portion	3,324	3,154
Finance Lease Liability - Current Portion	4,344	3,877
Total Current Liabilities	100,900	75,997
Long-Term Liabilities:		
Notes Payable	4,000	4,000
Notes Payable - Related Party	12,000	—
Operating Lease Liability	28,326	26,450
Finance Lease Liability	36,294	35,058
Other Long-Term Liabilities	121,817	121,080
Construction Finance Liability	86,445	82,047
Deferred Tax Liability	22,089	23,575
<b>TOTAL LIABILITIES</b>	<b>411,871</b>	<b>368,207</b>
<b>SHAREHOLDERS' EQUITY</b>		
Common Stock, no par value; unlimited shares authorized as of March 31, 2021 and December 31, 2020, 120,176,539 and 119,573,998 issued and outstanding as of March 31, 2021 and December 31, 2020, respectively	—	—
Additional Paid-in-Capital	291,385	275,644
Warrants	44,431	52,570
Accumulated Earnings	149,768	119,690
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>485,584</b>	<b>447,904</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 897,455</b>	<b>\$ 816,112</b>

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

**Trulieve Cannabis Corp.**  
**Unaudited Interim Condensed Consolidated Statements of Operations and Comprehensive Income**  
*(dollars in thousands, except per share data)*

	March 31, 2021	March 31, 2020
Revenues, Net of Discounts	\$ 193,823	\$ 96,057
Cost of Goods Sold	58,559	22,226
Gross Profit	135,264	73,831
<b>Expenses:</b>		
General and Administrative	12,709	6,259
Sales and Marketing	44,558	22,866
Depreciation and Amortization	5,434	2,194
<b>Total Expenses</b>	<b>62,701</b>	<b>31,319</b>
<b>Income from Operations</b>	<b>72,563</b>	<b>42,512</b>
<b>Other Income (Expense):</b>		
Interest Expense, Net	(7,899)	(5,912)
Other (Expense) Income, Net	(38)	4,899
<b>Total Other Expense</b>	<b>(7,937)</b>	<b>(1,013)</b>
<b>Income Before Provision for Income Taxes</b>	<b>64,627</b>	<b>41,499</b>
<b>Provision for Income Taxes</b>	<b>34,549</b>	<b>17,894</b>
<b>Net Income and Comprehensive Income</b>	<b>30,078</b>	<b>23,605</b>
<b>Basic Net Income per Common Share</b>	<b>0.25</b>	<b>\$ 0.21</b>
<b>Diluted Net Income per Common Share</b>	<b>0.24</b>	<b>\$ 0.20</b>
<b>Weighted average number of common shares used in computing net income per common share:</b>		
<b>Basic</b>	<b>119,892,507</b>	<b>110,346,346</b>
<b>Diluted</b>	<b>127,589,096</b>	<b>115,235,740</b>

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**Trulieve Cannabis Corp.**  
**Unaudited Interim Condensed Consolidated Statements of Shareholders' Equity**  
*(dollars in thousands, except per share data)*

	Super Voting Shares	Multiple Voting Shares	Subordinate Voting Shares	Total Common Shares	Additional Paid-in- Capital	Warrants	Accumulated Earnings	Total
<b>Balance, January 1, 2020</b>	67,813,300	6,661,374	35,871,672	110,346,346	76,192	—	56,691	132,883
Share-based compensation	—	—	—	—	1,222	—	—	1,222
Net Income and Comprehensive Income	—	—	—	—	—	—	23,605	23,605
<b>Balance, March 31, 2020</b>	<u>67,813,300</u>	<u>6,661,374</u>	<u>35,871,672</u>	<u>110,346,346</u>	<u>77,414</u>	<u>\$ —</u>	<u>\$ 80,296</u>	<u>\$ 157,710</u>
<b>Balance, January 1, 2021</b>	<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>
Share-based compensation	—	—	—	—	741	—	—	741
Shares issued for cash - Warrant Exercise	—	—	469,133	469,133	15,000	(8,139)	—	6,861
Conversion of Warrants to Subordinate Voting Shares	—	—	133,408	133,408	—	—	—	—
Conversion of Multiple Voting to Subordinate Voting Shares	—	(117,668)	117,668	—	—	—	—	—
Conversion of Super Voting Shares to Subordinate Voting Shares	(3,021,100)	—	3,021,100	—	—	—	—	—
Conversion of Super Voting Shares to Multiple Voting Shares	(55,161,400)	55,161,400	—	—	—	—	—	—
Net Income and Comprehensive Income	—	—	—	—	—	—	30,078	30,078
<b>Balance, March 31, 2021</b>	<u>—</u>	<u>56,482,769</u>	<u>63,693,770</u>	<u>120,176,539</u>	<u>\$291,385</u>	<u>\$ 44,431</u>	<u>\$ 149,768</u>	<u>\$485,584</u>

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

**Trulieve Cannabis Corp.**  
**Unaudited Interim Condensed Consolidated Statements of Cash Flows**  
*(dollars in thousands)*

	March 31, 2021	March 31, 2020
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Income and Comprehensive Income	\$ 30,078	\$ 23,605
Adjustments to Reconcile Net Income and Comprehensive Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	5,434	2,194
Depreciation and Amortization Included in Cost of Goods Sold, Net	3,667	2,504
Non-Cash Interest Expense	(41)	745
Amortization of Operating Lease Right of Use Assets	1,573	944
Share-Based Compensation	741	1,222
Accretion of Construction Finance Liability	711	189
Loss on Fair Value of Warrants	—	(4,022)
Deferred Income Tax Expense	(1,487)	(540)
Changes in Operating Assets and Liabilities:		
Inventories	(5,598)	(8,944)
Accounts Receivable	(2,309)	—
Prepaid Expenses and Other Current Assets	(5,366)	(5,954)
Other Assets	(3,605)	(1,693)
Accounts Payable and Accrued Liabilities	595	(1,762)
Operating Lease Liabilities	(141)	(3,499)
Income Tax Payable	36,540	18,430
Deferred Revenue	(399)	500
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>60,393</b>	<b>23,920</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(49,401)	(27,603)
Purchases of Property and Equipment from Construction	(3,687)	—
Capitalized Interest	(365)	(206)
Acquisitions, Net of Cash Acquired	91	—
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(53,362)</b>	<b>(27,809)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Share Warrant Exercise	6,861	—
Proceeds from Construction Finance Liability	3,687	14,201
Payments on Notes Payable - Related Party	(12)	(442)
Payments on Lease Obligations	(1,830)	(871)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>	<b>8,706</b>	<b>12,888</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>15,737</b>	<b>8,999</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>146,713</b>	<b>91,813</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 162,450</b>	<b>\$ 100,812</b>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
<b>CASH PAID DURING THE PERIOD FOR</b>		
Interest	\$ 540	\$ 702
Income Taxes	\$ —	\$ —
<b>OTHER NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Purchase of Property and Equipment Financed with Accounts Payable	\$ 13,155	\$ 3,324
Property and Equipment Acquired via Finance Leases	\$ 3,246	\$ 3,015

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

**Trulieve Cannabis Corp.**  
**Notes to Unaudited Interim Condensed Consolidated Financial Statements**

**NOTE 1. THE COMPANY**

Trulieve Cannabis Corp. (together with its subsidiaries, “Trulieve” or the “Company”) was incorporated in British Columbia, Canada. Trulieve (through its wholly-owned subsidiaries) is a vertically integrated cannabis company which currently holds licenses to operate in six states Florida, Massachusetts, California, Connecticut, Pennsylvania and West Virginia, to cultivate, produce, and sell medicinal-use cannabis products and, with respect to California and Massachusetts, adult-use cannabis products. All revenues are generated in the United States, and all long-lived assets are located in the United States.

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

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

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

**NOTE 2. BASIS OF PRESENTATION**

The accompanying unaudited condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”) for interim financial information and the rules and regulations of the Securities and Exchange Commission (the “SEC”).

The accompanying unaudited condensed consolidated financial statements contain all normal and recurring adjustments necessary to state fairly the consolidated financial condition, results of operations, comprehensive income, statement of shareholders’ equity, and cash flows of the Company for the interim periods presented. Except as otherwise disclosed, all such adjustments consist only of those of a normal recurring nature. Operating results for the three months ended March 31, 2021 are not necessarily indicative of the results that may be expected for the current year ending December 31, 2021. The financial data presented herein should be read in conjunction with the audited consolidated financial statements and accompanying notes as of and for the years ended December 31, 2020 and 2019 (“2020 audited consolidated financial statements”).

The preparation of these unaudited condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ materially from those estimates.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted pursuant to the rules and regulations of the SEC and the instructions to Form 10-Q.

**Significant Accounting Policies**

The Company’s significant accounting policies are described in Note 2 to the Company’s consolidated financial statements included in the 2020 Form 10-K. There have been no material changes to the Company’s significant accounting policies, except for the adoption of ASU 2019-12 as explained below.

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. The Company adopted ASU 2019-12 on January 1, 2021 and the adoption did not have a material impact on the Company's consolidated financial statements.

### **COVID-19 Pandemic**

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.

In response to the outbreak, governmental authorities in the United States, Canada and internationally have introduced various recommendations and measures to try to limit the pandemic, including travel restrictions, border closures, non-essential business closures, quarantines, self-isolations, shelters-in-place and social distancing. Management has been closely monitoring the impact of COVID-19, with a focus in the health and safety of the Company's employees, business continuity and supporting its communities. The Company has enacted various measures to reduce the spread of the virus, including implementing social distancing at its cultivation facilities and dispensaries, enhancing cleaning protocols at such facilities and dispensaries and encouraging employees to adhere to preventative measures recommended by local, state, and federal health officials.

### **NOTE 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 \$46.0 million, comprised of \$27.0 million or 1,298,964 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 upon 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, consolidated balance sheet, changes in shareholders' equity, and statement of cash flows for periods subsequent to the acquisition date. As of March 31, 2021, total transaction costs related to the acquisition were approximately \$1.8 million. 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:

<i>(dollars in thousands)</i>	
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 upon 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. As of March 31, 2021, total transaction costs related to the acquisition were approximately \$0.9 million. 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.

During 2021, the purchase price allocations were finalized and adjustments, primarily to Net Working Capital, Goodwill and Intangible assets, were recorded by the Company.



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

<i>(dollars in thousands)</i>	
Consideration:	
Cash	\$ 10,000
Shares issued upon issuance	10,000
Contingent consideration payable in shares	15,000
Net working capital adjustment	624
Fair value of consideration exchanged	<u>\$ 35,624</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	19,890
Tradenname	930
Goodwill	15,582
Accounts payable and accrued expenses	(790)
Lease liability	(2,156)
Deferred tax liability	(6,007)
Total net assets acquired	<u>\$ 35,624</u>

#### NOTE 4. INVENTORY

The Company's inventory includes the following at March 31, 2021 and December 31, 2020:

	March 31, 2021	December 31, 2020
<i>(dollars in thousands)</i>		
Raw Material		
Cannabis plants	\$ 13,497	\$ 10,661
Harvested Cannabis and Packaging	<u>13,323</u>	<u>11,233</u>
Total Raw Material	26,820	21,894
Work in Process	51,511	54,781
Finished Goods-Unmedicated	4,333	3,908
Finished Goods-Medicated	<u>21,245</u>	<u>17,730</u>
<b>Total Inventories</b>	<u>\$ 103,910</u>	<u>\$ 98,312</u>

## NOTE 5. PROPERTY & EQUIPMENT

At March 31, 2021 and December 31, 2020, Property and Equipment consisted of the following:

	March 31, 2021	December 31, 2020
	<i>(dollars in thousands)</i>	
Land	\$ 5,022	\$ 5,022
Buildings & Improvements	123,599	112,692
Construction in Progress	209,543	182,962
Furniture & Equipment	62,041	46,532
Vehicles	351	351
Total	400,556	347,559
Less: accumulated depreciation	(35,415)	(29,858)
Total property and equipment, net	\$ 365,141	\$ 317,701

For the three months ended March 31, 2021 and 2020, the Company capitalized interest of \$0.4 million and \$0.2 million, respectively.

For the three months ended March 31, 2021 and 2020, there was depreciation expense of \$5.6 million and \$3.2 million, respectively.

## NOTE 6. INTANGIBLE ASSETS & GOODWILL

At March 31, 2021 and December 31, 2020, definite-lived intangible assets consisted of the following:

	March 31, 2021				
<i>(dollars in thousands)</i>	Net amount	Adjustments to purchase price allocation	Additions from acquisitions	Amortization expense	Net amount
Licenses	\$ 84,517	\$ 3,800	\$ —	\$ 1,461	\$ 86,856
Moxie brand	2,828	—	—	247	2,581
Tradenames	2,109	—	—	214	1,895
Customer relationship	683	—	—	50	633
Non-compete	7	—	—	4	3
	\$ 90,144	\$ 3,800	\$ —	\$ 1,976	\$ 91,968

	December 31, 2020				
<i>(dollars in thousands)</i>	Net amount	Acquired license agreements	Additions from acquisitions	Amortization expense	Net amount
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	—
	\$ 26,380	\$ 887	\$ 65,870	\$ 2,992	\$ 90,144

Amortization expense for the three months ended March 31, 2021 and 2020 was \$2.0 million and \$0.3 million, respectively.

The following table outlines the estimated future annual amortization expense related to intangible assets as of March 31, 2021:

<u>Three Months Ended March 31,</u>	<u>Estimated Amortization</u>
	<i>(dollars in thousands)</i>
2021	6,343
2022	8,077
2023	7,291
2024	6,319
2025	6,236
Thereafter	57,703
	<b>\$ 91,968</b>

Goodwill arose from the acquisition of PurePenn, LLC, Pioneer Leasing & Consulting and Solevo Wellness, see “*Note 3 - Acquisitions*”. The Company tested for impairment in the fourth quarter of the year ended December 31, 2020.

At March 31, 2021, Goodwill consisted of the following:

<i>(dollars in thousands)</i>	
<b>At January 1, 2020</b>	<b>\$ 7,316</b>
Acquisition of PurePenn, LLC and Pioneer Leasing & Consulting, LLC	47,311
Acquisition of Solevo Wellness	19,473
<b>At December 31, 2020</b>	<b>\$ 74,100</b>
Adjustment to Purchase Price Allocation of Solevo Wellness	(3,892)
<b>At March 31, 2021</b>	<b>\$ 70,208</b>

## NOTE 7. NOTES PAYABLE

At March 31, 2021 and December 31, 2020, notes payable consisted of the following:

	<u>March 31, 2021</u>	<u>December 31, 2020</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	(2,000)	(2,000)
Long Term Notes Payable	<u>\$ 4,000</u>	<u>\$ 4,000</u>

Stated maturities of notes payable are as follows:

<u>As of Three Months Ended March 31,</u>	<i>(dollars in thousands)</i>
2021	2,000
2022	4,000
	<b>\$ 6,000</b>

## NOTE 8. NOTES PAYABLE RELATED PARTY

At March 31, 2021 and December 31, 2020, notes payable related party consisted of the following:

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</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	\$ 12,000	\$ 12,011
Less current portion	—	(12,011)
Non-current portion	<u>\$ 12,000</u>	<u>\$ —</u>

Stated maturities of notes payable to related parties are as follows:

<u>As of Three Months Ended March 31,</u> <u>2022</u>	<u>(dollars in</u> <u>thousands)</u>
	\$ 12,000
	\$ 12,000

In March 2021, the two unsecured promissory notes (the “Traunch Four Note” and the “Rivers Note”) were amended to extend the maturity one year to May 2022, all other terms remain unchanged.

## NOTE 9. DEBT

In 2019, the Company completed two private placement arrangements (the “June Notes” and the “November Notes”), each comprised of 5-year senior secured promissory notes with a face value of \$70.0 million and \$60.0 million, respectively. Both 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. The purchasers of the June Notes received warrants to purchase 1,470,000 Subordinate Voting Shares and the purchasers of the November Notes received warrants to purchase 1,560,000 Subordinate Voting Shares, which can be exercised for three years after 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 June 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.

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.

For the three months ended March 31, 2021 and 2020 accretion expense of \$0.7 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 and 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. The June Notes and November Notes converted to equity as per ASC 815-40, at an expense of \$25.5 million and \$27.1 million, respectively.

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 March 31, 2021 in the successive five-year period and thereafter are summarized below:

<b>As of Three Months Ended March 31,</b>	<b>Other Long-term Liabilities</b>
	<i>(dollars in thousands)</i>
2021	\$ —
2022	—
2023	—
2024	130,000
2025	—
Thereafter	—
<b>Total Debt</b>	<b>130,000</b>
Less: Unamortized debt issuance costs	(12,097)
<b>Net Debt</b>	<b>\$ 117,903</b>

The net debt of \$117.9 million is recorded as other long-term liabilities in our consolidated balances sheet as of March 31, 2021.

#### **NOTE 10. LEASES**

The following table provides the components of lease cost recognized in the consolidated statement of operations and comprehensive income for the three months ended March 31, 2021 and 2020:

<b>Lease Cost</b>	<b>Three Months Ended March 31,</b>	
	<b>2021</b>	<b>2020</b>
Operating lease cost	1,573	995
Finance lease cost:		
Amortization of lease assets	1,570	857
Interest on lease liabilities	779	406
Finance lease cost	2,349	1,263
Variable lease cost	395	93
<b>Total lease cost</b>	<b>\$ 4,316</b>	<b>\$ 2,351</b>

Other information related to operating and finance leases as of and for the three months ended March 31, 2021 are as follows:

	<b>Finance Lease</b>	<b>Operating Lease</b>
Weighted average discount rate	8.31%	8.65%
Weighted average remaining lease term (in years)	8.14	7.53

The maturity of the contractual undiscounted lease liabilities as of March 31, 2021 is as follows:

Three Months Ended March 31,	Finance Lease	Operating Lease
	<i>(dollars in thousands)</i>	
Remainder of 2020	\$ 5,644	\$ 4,421
2022	7,249	5,854
2023	6,865	5,729
2024	6,364	5,379
2025	5,995	5,306
Thereafter	24,819	16,724
Total undiscounted lease liabilities	56,936	43,412
Interest on lease liabilities	(16,299)	(11,763)
Total present value of minimum lease payments	40,637	31,650
Lease liability - current portion	4,344	3,324
Lease liability	\$ 36,294	\$ 28,326

#### NOTE 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. The landlord has agreed to provide a tenant improvement allowance (“TI Allowance”) of \$40.0 million, which was dispensed in its entirety as of December 31, 2020. The initial term of the agreement is ten years, with two options to extend the term for five years each. The initial payments are equal to 11% of the sum of the purchase price for the property and will increase when a draw is made on the TI Allowance. In addition, a 3% increase in payments will be applied annually after the first year. As of March 31, 2021, the total finance liability associated with this transaction is \$44.1 million.

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. The initial term of the agreement is ten years, with two options to extend the term for five years each. The initial annualized payments are equal to 11% of the purchase price for the property. A 3% increase in payments will be applied annually after the first year. As of March 31, 2021, the total finance liability associated with this transaction is \$17.2 million.

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 TI 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. On March 8, 2021, 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. As of March 31, 2021, \$20.4 million of the TI allowance has been provided. As of March 31, 2021, the total finance liability associated with this transaction is \$25.1 million.

Under the failed-sales-leaseback accounting model, the Company is deemed under GAAP to own the above mentioned real estate properties as financing arrangements since control was never transferred to the buyer-lessor. These agreements are presented on our consolidated balance sheet and depreciate over the assets' remaining useful life.

## NOTE 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 March 31, 2021, and 2020, there were 63,693,770 and 35,871,672 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 "Conversation Ratio" for Multiple Voting Shares is 100 Subordinate Voting shares for each Multiple Voting Share, subject to adjustment in certain events. Holders of Multiple Voting Shares have the right to receive dividends, out of any cash or other assets legally available therefore, 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 March 31, 2021, and 2020, there were 564,828, and 66,614 Multiple Voting Shares issued and outstanding, respectively, which were equal to 56,482,769, and 6,661,374 Subordinate Voting Shares, respectively, if converted.

### *(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 therefore, 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.

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. As of March 31, 2021, no Super Voting Shares were issued or outstanding.

### NOTE 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 three months ended March 31, 2021, the Company used the Black-Scholes pricing model to establish the fair value of the options granted with the following assumptions:

	<b>Three months ended March 31, 2021</b>
Fair Value at Grant Date	\$ 11.20
Stock Price at Grant Date	\$ 33.42
Exercise Price at Grant Date	\$ 33.42
Expected Life in Years	3.00
Expected Volatility	49.88%
Expected Annual Rate of Dividends	0%
Risk Free Annual Interest Rate	0.11%

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 three-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 4, 2021, 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% vest on December 31, 2021, 25% vest on December 31, 2022, and 60% vest on December 31, 2023. For founding and non-founding members of the Board of Directors, 50% of the options vest on December 31, 2021, and 50% will vest on December 31, 2022.

For the three months ended March 31, 2021, the Company recorded share-based compensation for all stock options in the amount of \$0.7 million. This is recognized as \$0.1 million Cost of Goods Sold, Net, \$0.5 million General and Administrative and \$0.1 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 March 31, 2021 were as follows:

	<b>Number of Options</b>	<b>Weighted average exercise price</b>	<b>Weighted Average Remaining Contractual Life (Yrs)</b>
Outstanding at January 1, 2021	1,129,774	\$ 11.72	4.01
Granted	326,872	\$ 33.42	4.76
Exercised	—	\$ —	—
Forfeited	—	\$ —	—
Outstanding, March 31, 2021	<u>1,456,646</u>	<u>\$ 16.59</u>	<u>4.05</u>
Exercisable, March 31, 2021	554,459	\$ 11.70	3.84



## 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 three months ended March 31, 2021 and 2020, 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, 2019 and 2020 and the changes during the three months ended March 31, 2021:

	Number of Warrants	Weighted average exercise price (\$CAD)	Weighted Average Remaining Contractual Life (Yrs)
Outstanding as of December 31, 2019	8,784,872	6.00	1.72
Granted	—	—	—
Exercised	(2,723,311)	—	—
Outstanding as of December 31, 2020	6,061,561	6.00	0.72
Granted	—	—	—
Exercised	(133,408)	6.00	—
Forfeited	(16,592)	—	—
Outstanding as of March 31, 2021	5,911,561	6.00	0.48

## NOTE 14. EARNINGS PER SHARE

The following is a reconciliation for the calculation of basic and diluted earnings per share for the three months ended March 31, 2021 and 2020:

	2021	2020
	(dollars in thousands)	
Net Income	\$ 30,078	\$ 23,605
Weighted average number of common shares outstanding	119,892,507	110,346,346
Dilutive effect of warrants and options outstanding	7,696,589	4,889,394
Diluted weighted average number of common shares outstanding	127,589,096	115,235,740
Basic earnings per share	\$ 0.25	\$ 0.21
Diluted earnings per share	\$ 0.24	\$ 0.20

## NOTE 15. INCOME TAXES

The following table summaries the Company's income tax expense and effective tax rate for the three months ended March 31, 2021 and 2020

	Three Months Ended March 31,	
	2021	2020
	(dollars in thousands)	
Income Before Provision for Income Taxes	\$ 64,627	\$ 41,499
Provision for Income Taxes	34,549	17,894
Effective Tax Rate	53%	43%

## NOTE 16. RELATED PARTIES

The Company had raised funds by issuing notes to various related parties including directors, officers, and shareholders and the balance at March 31, 2021 and December 31, 2020 was \$12.0 million and \$12.0 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. At March 31, 2021 and 2020, property and equipment purchases totaled \$29.3 million, and \$21.5 million, respectively. As of March 31, 2021 and December 31, 2020, \$12.5 million and \$10.4 million of property and equipment purchases was included in accounts payable in the consolidated balance sheets. The use of the Supplier was reviewed and approved by the independent members of the Company’s board of directors, and all invoices of the Supplier are reviewed by the office of the Company’s Chief Legal Officer.

The Company has many leases from various real estate holding companies that are managed by various related parties including Benjamin Atkins, a former director and current shareholder of the Company, and the Supplier. As of March 31, 2021, and December 31, 2020, under ASC 842, the Company had \$14.9 million and \$15.4 million of right-of-use assets in Property and Equipment, Net, respectively, and \$16.0 million and \$16.4 million of Lease Liability, respectively. As of March 31, 2021, and December 31, 2020, \$1.9 million and \$1.8 million, is included in Lease Liability – Current in the Condensed Consolidated Balance Sheet.

## NOTE 17. 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 March 31, 2021, 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 believes that the suit is immaterial and that the claims are without merit and intends to vigorously defend against them.

## NOTE 18. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 12, 2021, which is the date these consolidated financial statements were approved by the board of directors of the Company.

On May 10, 2021, the Company announced they have entered into a definitive agreement with Harvest Health & Recreation, Inc. (“Harvest”) located in Phoenix, Arizona. The Company will acquire all of the issued and outstanding subordinate voting shares, multiple voting shares and super voting shares. Under the terms of the Agreement, shareholders of Harvest will receive 0.1170 of a subordinate voting share of the Company for each Harvest subordinate voting share (or equivalent) held, representing total consideration of approximately \$2.1 billion based on the closing price of the Trulieve Shares on May 7, 2021. The transaction is subject to customary closing conditions and regulatory approvals.

On May 6, 2021, the Company announced the closing of the acquisition of Mountaineer Holding, LLC. The Mountaineer business consists of a cultivation permit and two dispensary permits in West Virginia. Total consideration is \$3.0 million cash and 60,342 subordinate voting shares.

On April 13, 2021, the Company announced that it had entered into a definitive agreement to acquire Solevo Wellness West Virginia, LLC (“Solevo”) and its three West Virginia dispensary permits for an upfront payment of \$0.2 million in cash and \$0.5 million in Subordinate Voting Shares. The closing of the transaction is contingent upon West Virginia state regulatory approval and customary closing conditions.

On April 12, 2021 the Company concluded the underwritten offer and sale of 5,000,000 Subordinate Voting Shares in the United States and Canada at a public offering price of \$39.63. In connection with the closing of the offering, the underwriters exercised in full their option to purchase an additional 750,000 subordinate voting shares. After paying the underwriters a commission of approximately \$9.1 million and issuance costs of \$0.2 million, the Company received aggregate consideration of approximately \$219.1 million. Net proceeds from the offering are expected to be used primarily to fund Trulieve’s business development and for general working capital purposes.

On April 5, 2021, the Company entered into a definitive agreement to acquire from Anna Holdings, LLC a dispensary license operating under Keystone Shops (“Keystone Shops”) with dispensary locations in Philadelphia, Devon and King of Prussia for an upfront payment of \$60.0 million, comprised of \$40.0 million in Trulieve subordinate voting shares and \$20.0 million in cash. The agreement does not include a deferred payment or an earn-out. The transaction is subject to customary closing conditions and regulatory approvals and is expected to close during the second quarter of 2021.