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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 10-Q**

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(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended **March 31, 2023**

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from    to  
Commission File Number: **000-56248**

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**TRULIEVE CANNABIS CORP.**

(Exact Name of Registrant as Specified in its Charter)

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**British Columbia**  
(State or other jurisdiction of  
incorporation or organization)  
**6749 Ben Bostic Road**  
**Quincy, FL**  
(Address of principal executive offices)

**84-2231905**  
(I.R.S. Employer  
Identification No.)

**32351**  
(Zip Code)

**Registrant's telephone number, including area code: (850) 480-7955**

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Securities registered pursuant to Section 12(b) of the Act: None

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
N/A	N/A	N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of May 3, 2023, the registrant had 159,761,126 Subordinate Voting Shares and 26,226,386 Multiple Voting Shares (on an as converted basis) outstanding.

# TRULIEVE CANNABIS CORP.

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## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of safe harbor provisions of the Private Securities Litigation Reform Act of 1995. 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 Quarterly Report on Form 10-Q 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. 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 receipt and/or maintenance of required licenses and third party consents and 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. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control. As a result, any or all of our forward-looking statements in this Quarterly Report on Form 10-Q may turn out to be inaccurate. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under “Risk Factors” and discussed elsewhere in this Quarterly Report on Form 10-Q and in “Part I, Item 1A – Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future. You should, however, review the factors and risks we describe in the reports we will file from time to time with the SEC after the date of this Quarterly Report on Form 10-Q.

**PART I—FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**TRULIEVE CANNABIS CORP.**  
**Condensed Consolidated Balance Sheets (Unaudited)**  
*(in thousands, except per share data)*

<b>ASSETS</b>	<b>March 31, 2023</b>	<b>December 31, 2022</b>
		(Audited)
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 188,128	\$ 212,266
Restricted cash	7,154	6,607
Accounts receivable, net	8,037	9,443
Inventories, net	297,556	297,815
Prepaid expenses and other current assets	70,724	63,627
Notes receivable - current portion	740	728
Assets associated with discontinued operations	1,850	2,466
Total current assets	574,189	592,952
Property and equipment, net	782,368	796,947
Right of use assets - operating, net	101,848	101,379
Right of use assets - finance, net	70,658	76,231
Intangible assets, net	967,398	1,012,646
Goodwill	791,495	791,495
Notes receivable, net	11,922	11,992
Other assets	15,829	14,716
Long-term assets associated with discontinued operations	690	690
<b>TOTAL ASSETS</b>	<b>\$ 3,316,397</b>	<b>\$ 3,399,048</b>
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued liabilities	\$ 92,503	\$ 83,146
Income tax payable	35,650	49,024
Deferred revenue	5,115	9,568
Notes payable - current portion, net	9,813	12,453
Operating lease liabilities - current portion	10,365	10,448
Finance lease liabilities - current portion	8,041	8,727
Construction finance liabilities - current portion	1,256	1,189
Contingencies	25,491	34,666
Liabilities associated with discontinued operations	35	482
Total current liabilities	188,269	209,703
<b>Long-term liabilities:</b>		
Notes payable, net	93,521	94,247
Private placement notes, net	543,037	541,664
Warrant liabilities	—	252
Operating lease liabilities	103,066	102,388
Finance lease liabilities	71,982	75,838
Construction finance liabilities	182,406	182,361
Deferred tax liabilities	216,241	224,137
Other long-term liabilities	37,241	26,183
Long-term liabilities associated with discontinued operations	14,567	14,571
<b>TOTAL LIABILITIES</b>	<b>1,450,330</b>	<b>1,471,344</b>
Commitments and contingencies (see Note 20)		
<b>SHAREHOLDERS' EQUITY</b>		
Common stock, no par value; unlimited shares authorized. 185,987,512 issued and outstanding as of March 31, 2023 and December 31, 2022, respectively.		
Additional paid-in-capital	2,049,047	2,045,003
Accumulated deficit	(177,967)	(113,843)
Non-controlling interest	(5,013)	(3,456)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,866,067</b>	<b>1,927,704</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 3,316,397</b>	<b>\$ 3,399,048</b>

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

**TRULIEVE CANNABIS CORP.**  
**Condensed Consolidated Statements of Operations and Comprehensive (Loss) Income (Unaudited)**  
*(in thousands, except per share data)*

	<b>Three Months Ended</b>	
	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Revenue, net of discounts	\$ 289,089	\$ 317,747
Cost of goods sold	139,151	137,291
Gross profit	149,938	180,456
Expenses:		
Sales and marketing	62,312	72,838
General and administrative	39,383	33,547
Depreciation and amortization	30,371	28,436
Impairments and disposals of long-lived assets, net	31,015	16,461
Total expenses	163,081	151,282
(Loss) income from operations	(13,143)	29,174
Other (expense) income:		
Interest expense	(22,748)	(17,877)
Change in fair value of derivative liabilities - warrants	252	820
Other income, net	4,918	885
Total other expense	(17,578)	(16,172)
(Loss) income before provision for income taxes	(30,721)	13,002
Provision for income taxes	34,958	43,125
Net loss from continuing operations and comprehensive loss	(65,679)	(30,123)
Net (income) loss from discontinued operations, net of tax benefit of \$8 and \$809, respectively	(48)	2,359
Net loss	(65,631)	(32,482)
Less: Net loss and comprehensive loss attributable to non-controlling interest from continuing operations	(1,507)	(507)
Net loss and comprehensive loss attributable to common shareholders	\$ (64,124)	\$ (31,975)
Net loss per share - Continuing operations:		
Basic and diluted	\$ (0.34)	\$ (0.16)
Net income (loss) per share - Discontinued operations:		
Basic and diluted	\$ 0.00	\$ (0.01)
Weighted average number of common shares used in computing net (loss) income per share:		
Basic	188,899,309	187,054,916
Diluted	188,899,309	187,054,916

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

**TRULIEVE CANNABIS CORP.**  
**Condensed Consolidated Statements of Changes in Shareholders' Equity (Unaudited)**  
*(in thousands, except per share data)*

	Multiple Voting Shares	Subordinate Voting Shares	Total Common Shares	Additional Paid-in- Capital	Accumulated (Deficit) Earnings	Non- Controlling Interest	Total
<b>Balance, January 1, 2022 (audited)</b>	51,916,999	128,587,173	180,504,172	\$ 2,008,100	\$ 137,721	\$ 1,552	\$ 2,147,373
Share-based compensation	—	—	—	4,564	—	—	4,564
Exercise of stock options	—	45,775	45,775	108	—	—	108
Shares issued for cash - warrant exercise	—	1,648	1,648	22	—	—	22
Shares issued under share compensation plans	—	16,257	16,257	—	—	—	—
Tax withholding related to net share settlements of equity awards	—	(10,005)	(10,005)	(230)	—	—	(230)
Conversion of Multiple Voting to Subordinate Voting Shares	(2,699,100)	2,699,100	—	—	—	—	—
Shares issued for PurePenn, Pioneer, and Solevo earnouts	—	3,626,295	3,626,295	—	—	—	—
Distribution	—	—	—	—	—	(50)	(50)
Divestment of variable interest entity	—	—	—	—	—	(111)	(111)
Net loss and comprehensive loss	—	—	—	—	(31,975)	(507)	(32,482)
<b>Balance, March 31, 2022</b>	49,217,899	134,966,243	184,184,142	\$ 2,012,564	\$ 105,746	\$ 884	\$ 2,119,194

	Multiple Voting Shares	Subordinate Voting Shares	Total Common Shares	Additional Paid-in- Capital	Accumulated Deficit	Non- Controlling Interest	Total
<b>Balance, January 1, 2023 (audited)</b>	26,226,386	159,761,126	185,987,512	\$ 2,045,003	\$ (113,843)	\$ (3,456)	\$ 1,927,704
Share-based compensation	—	—	—	2,401	—	—	2,401
Distribution	—	—	—	—	—	(50)	(50)
Value of shares earned for purchase of variable interest entity	—	—	—	1,643	—	—	1,643
Net income and comprehensive income	—	—	—	—	(64,124)	(1,507)	(65,631)
<b>Balance, March 31, 2023</b>	26,226,386	159,761,126	185,987,512	\$ 2,049,047	\$ (177,967)	\$ (5,013)	\$ 1,866,067

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

**TRULIEVE CANNABIS CORP.**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**  
*(in thousands)*

	<b>Three Months Ended March 31, 2023</b>	<b>Three Months Ended March 31, 2022</b>
<b>Cash flow from operating activities</b>		
Net loss and comprehensive loss	\$ (65,631)	\$ (32,482)
Adjustments to reconcile net loss and comprehensive loss to net cash provided by operating activities:		
Depreciation and amortization	30,371	29,305
Depreciation included in cost of goods sold	13,551	10,692
Non-cash interest expense	1,494	1,232
Non-cash interest income	(122)	(163)
Impairment and disposal of long-lived assets, net	31,015	16,461
Amortization of operating lease right of use assets	2,634	2,892
Accretion of construction finance liabilities	389	293
Share-based compensation	2,401	4,564
Change in fair value of derivative liabilities - warrants	(252)	(820)
Non-cash change in contingencies	(3,725)	(1,248)
Allowance for credit losses	(159)	42
Deferred income tax expense	(7,896)	—
Changes in operating assets and liabilities:		
Inventories	260	(21,957)
Accounts receivable	1,565	(3,970)
Prepaid expenses and other current assets	(1,776)	(8,094)
Other assets	1,888	(16,216)
Accounts payable and accrued liabilities	9,177	22,093
Income tax payable	(13,383)	42,210
Other current liabilities	(5,448)	2,057
Operating lease liabilities	(2,523)	(2,106)
Deferred revenue	(4,452)	(654)
Other long-term liabilities	11,032	1,016
<b>Net cash provided by operating activities</b>	<b>410</b>	<b>45,147</b>
<b>Cash flow from investing activities</b>		
Purchases of property and equipment	(13,731)	(48,118)
Purchases of property and equipment related to construction finance liabilities	—	(7,334)
Capitalized interest	(582)	(1,487)
Acquisitions, net of cash acquired	—	(27,500)
Purchases of internal use software	(2,046)	(2,214)
Cash paid for license	(3,500)	—
Proceeds from sale of property and equipment	287	—
Proceeds from sale of variable interest entity	—	1,604
Proceeds from sale of held for sale assets	580	203
Proceeds received from notes receivable	180	1,018
<b>Net cash used in investing activities</b>	<b>(18,812)</b>	<b>(83,828)</b>
<b>Cash flow from financing activities</b>		
Proceeds from private placement notes, net of discounts	—	76,420
Proceeds from equity exercises	—	130
Payments on notes payable	(3,442)	(2,285)
Payments on finance lease obligations	(2,040)	(1,421)
Payments on construction finance liabilities	(278)	(297)
Payments for debt issuance costs	—	(19)
Payments for taxes related to net share settlement of equity awards	—	(230)
Distributions	(50)	(50)
<b>Net cash (used in) provided by financing activities</b>	<b>(5,810)</b>	<b>72,248</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(24,212)</b>	<b>33,567</b>
<b>Cash, cash equivalents, and restricted cash, beginning of period</b>	<b>218,873</b>	<b>233,098</b>
Cash and cash equivalents of discontinued operations, beginning of period	621	561
Less: cash and cash equivalents of discontinued operations, end of period	—	(823)
<b>Cash, cash equivalents, and restricted cash, end of period</b>	<b>\$ 195,282</b>	<b>\$ 266,403</b>

**TRULIEVE CANNABIS CORP.**  
**Condensed Consolidated Statements of Cash Flows (Unaudited) (Continued)**  
*(in thousands)*

	<b>Three Months Ended March 31, 2023</b>	<b>Three Months Ended March 31, 2022</b>
<b>Supplemental disclosure of cash flow information</b>		
<b>Cash paid during the period for</b>		
Interest	\$ 9,618	\$ 6,949
Income taxes, net of refunds	\$ 46,775	\$ 46
<b>Other noncash investing and financing activities</b>		
ASC 842 lease additions - operating and finance leases	\$ 4,544	\$ 10,852
Purchases of property and equipment in accounts payable and accrued liabilities	\$ 2,197	\$ 10,985
Value of shares earned for purchase of variable interest entity	\$ 1,643	\$ —

\*The condensed consolidated statements of cash flows include continuing operations and discontinued operations for the three months ended March 31, 2023 and 2022.

	<b>Three Months Ended March 31, 2023</b>	<b>Three Months Ended March 31, 2022</b>
<b>Beginning of period:</b>		
Cash and cash equivalents	\$ 212,266 (1)	\$ 230,085 (2)
Restricted cash	6,607	3,013
Cash, cash equivalents and restricted cash	\$ 218,873	\$ 233,098
<b>End of period:</b>		
Cash and cash equivalents	\$ 188,128	\$ 266,403 (3)
Restricted cash	7,154	—
Cash, cash equivalents and restricted cash	\$ 195,282	\$ 266,403

(1) Excludes \$0.6 million attributable to discontinued operations.

(2) Excludes \$0.5 million attributable to discontinued operations.

(3) Excludes \$0.8 million attributable to discontinued operations.

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



**TRULIEVE CANNABIS CORP.**  
**Notes to Condensed Consolidated Financial Statements**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying unaudited condensed consolidated financial statements of Trulieve Cannabis Corp., ("Trulieve" and, together with its subsidiaries and variable interest entities, the "Company," "our," or "us") has been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information and, therefore, do not include all financial information and footnotes required by GAAP for complete financial statements. In management's opinion, the condensed consolidated financial statements include all adjustments of a normal recurring nature necessary to fairly present the Company's financial position as of March 31, 2023, and the results of its operations and cash flows for the periods ended March 31, 2023 and 2022. The results of the Company's operations for the three months ended March 31, 2023 are not necessarily indicative of the results to be expected for the full 2023 fiscal year.

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for Trulieve Cannabis Corp. and the notes thereto, included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, filed with the Securities and Exchange Commission ("SEC") on March 8, 2023 (the "2022 Form 10-K").

*Discontinued Operations*

In July 2022, the Company discontinued its Nevada operations. This action represents a strategic shift in the business and therefore, the related assets and liabilities associated with the Nevada operations are classified as discontinued operations on the condensed consolidated balance sheets and the results of the Nevada operations have been presented as discontinued operations within the condensed consolidated statements of operations and comprehensive (loss) income for all periods presented. Unless specifically noted otherwise, footnote disclosures reflect the results of continuing operations only. The results of discontinued operations are presented in *Note 16. Discontinued Operations*.

*Reclassifications*

Certain reclassifications have been made to the condensed consolidated financial statements of prior periods and of the accompanying notes to conform to the current period presentation.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Company's significant accounting policies are more fully described in *Note 3. Summary of Significant Accounting Policies* in the consolidated financial statements included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2022. There have been no material changes to the Company's significant accounting policies.

*Fair Value 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 | Inputs other than quoted prices in active markets, which are observable for the asset or liability, either |
| 2 –   | directly or indirectly; and  |
| Level | Unobservable inputs for which there is little or no market data requiring the Company to develop its own   |
| 3 –   | assumptions.   |

The fair values of financial instruments by class are as follows as of March 31, 2023 and December 31, 2022:

	March 31, 2023				December 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	<i>(in thousands)</i>							
<b>Financial Assets:</b>								
Money market funds (1)	\$ 145,986	\$ —	\$ —	\$ 145,986	\$ 340	\$ —	\$ —	\$ 340
<b>Financial Liabilities:</b>								
Interest rate swap (2)	\$ —	\$ 3,396	\$ —	\$ 3,396	\$ —	\$ 2,536	\$ —	\$ 2,536
Warrant liabilities (3)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 252	\$ —	\$ 252

There have been no transfers between hierarchy levels during the periods ending March 31, 2023 or December 31, 2022.

- (1) Money market funds are included within cash and cash equivalents and restricted cash in the Company's condensed 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 approximate fair value. The Company recorded interest income of \$0.7 million for the three months ended March 31, 2023 in relation to money market funds.
- (2) The fair value of the interest rate swap liability is recorded in other long-term liabilities on the condensed consolidated balance sheets. In November 2022 the Company entered into an interest rate swap contract ("VNB Swap") for the purpose of hedging the variability of interest expense and interest payments on the Company's long-term variable debt. The VNB Swap is carried at fair value which is based on a valuation model that utilizes interest rate yield curves and credit spreads observable in active markets as the significant inputs to the model. The Company considers credit risk associated with its own standing as well as the credit standing of any counterparties involved in the valuation of its financial instruments.
- (3) The total fair value and carrying value of the Company's liability warrants is recorded to warrant liabilities on the condensed consolidated balance sheets.

The Company's non-recurring impairment tests, including those performed as of March 31, 2023, utilize significant level 3 unobservable inputs, including projections of future revenue and operating income.

#### *Deferred Revenue*

During the three months ended March 31, 2023, the Company terminated the loyalty program associated with dispensaries acquired with the acquisition of Harvest Health & Recreation, Inc. ("Harvest") in October 2021. As a result of the termination of the loyalty program at certain dispensaries, the Company recorded a reduction in the accrual of \$4.7 million in revenue, net of discounts in the condensed consolidated statements of operations and comprehensive (loss) income. As of March 31, 2023 and December 31, 2022, the loyalty liability totaled \$4.7 million and \$8.9 million, respectively, and is included in deferred revenue on the condensed consolidated balance sheets. Included within deferred revenue as of March 31, 2023 and December 31, 2022 are customer credit balances of \$0.4 million and \$0.6 million, respectively.

#### *Impairment of long-lived assets*

The Company reviews long-lived assets, including property and equipment, definite life intangible assets, and right-of-use assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. During the three months ended March 31, 2023, the Company determined that certain long-lived assets, including intangible assets, in Massachusetts were impaired due to the competitive environment in the Massachusetts cannabis industry.

The Company utilized a combination of the market, income, and cost approach for its impairment testing, resulting in an impairment of \$30.3 million, consisting of property and equipment and intangible assets, recorded within impairment and disposal of long-lived assets, net in the condensed consolidated statements of operations and comprehensive (loss) income.

#### *Impairment of goodwill*

The Company operates as one operating segment and reporting unit and therefore, evaluates goodwill for impairment as one singular reporting unit annually during the fourth quarter or more often when an event occurs, or circumstances indicate the carrying value may not be recoverable. During the three months ending March 31, 2023, the Company continued to experience a sustained decline in its stock price resulting in the total market value of its common stock outstanding ("market capitalization") being less than the carrying value of the reporting unit. Management believes this decline in market value is due to a variety of factors, including:

reduced number of custodians to service cannabis equity holdings, negative investor sentiment due to lack of progress on federal reform, and more challenging macroeconomic conditions.

In light of the circumstances and indicators of potential impairment described above, management performed an interim quantitative goodwill impairment test as of March 31, 2023. Management first considered whether any impairment was present for the Company's long-lived assets, concluding that no such impairments were present after conducting an undiscounted cash flow recoverability test, except for in the Massachusetts market as detailed above.

In comparing the estimated fair value of the reporting unit to its carrying value, the Company utilized a weighted average valuation using the discounted cash flow model, or the income approach, and the market approach. The determination of the fair value of the reporting unit requires us to make significant estimates and assumptions. Due to the inherent uncertainty involved in making these estimates, actual future results could differ. Changes in assumptions regarding future results or other underlying assumptions could have a significant impact on the fair value of the reporting unit.

The discounted cash flow model reflects our estimates of future cash flows and other factors including estimates of future operating performance, including future revenue, long-term growth rates, gross margins, capital expenditures, discount rates and the probability of achieving the estimated cash flows, among others.

In addition to the income approach, the Company also employs the market approach in its goodwill impairment testing. Under the market approach, the Company estimates the fair value based upon multiples of comparable public companies. Significant estimates in the market approach include identifying similar companies with comparable business factors such as size, growth, profitability, risk and return on investment, as well as assessing comparable market multiples in estimating the fair value of the reporting unit.

The results of the Company's interim test for impairment as of March 31, 2023 concluded that the estimated fair value of the reporting unit exceeded the carrying value, resulting in no impairment.

### NOTE 3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of March 31, 2023 and December 31, 2022:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
	<i>(in thousands)</i>	
Trade receivables	\$ 11,791	\$ 12,864
Less: allowance for credit losses	<u>(3,754)</u>	<u>(3,421)</u>
Accounts receivable, net	<u>\$ 8,037</u>	<u>\$ 9,443</u>

### NOTE 4. NOTES RECEIVABLE

Notes receivable consisted of the following as of March 31, 2023 and December 31, 2022:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>Stated Interest Rate</u>	<u>Maturity Date</u>
	<i>(in thousands)</i>			
Promissory note acquired in October 2021 <sup>(1)</sup>	\$ 8,025	\$ 8,205	7.50%	11/9/2025
Promissory note dated November 15, 2021 <sup>(2)</sup>	4,714	4,602	9.75%	11/14/2024
Notes receivable	12,739	12,807		
Less: discount on notes receivable	<u>(77)</u>	<u>(87)</u>		
Total notes receivable, net of discount	12,662	12,720		
Less: current portion of notes receivable	<u>(740)</u>	<u>(728)</u>		
Notes receivable, net	<u>\$ 11,922</u>	<u>\$ 11,992</u>		

- (1) Interest and principal payments are due to the Company monthly.
- (2) No payments are due to the Company until maturity. Interest is accrued monthly and added to the principal balance at each quarter end. The note is convertible to equity of the holder at the Company's option at any time prior to maturity. The note was issued with a nominal discount, resulting in an effective interest rate of 10.77%.

During the three months ended March 31, 2023 and 2022, the Company recorded interest income of \$0.3 million and \$0.4 million in other income in the condensed consolidated statements of operations and comprehensive (loss) income, respectively.

Stated maturities of the notes receivable are as follows as of March 31, 2023:

Year	Expected principal payments
	<i>(in thousands)</i>
Nine months ending December 31, 2023	\$ 548
2024	5,498
2025	6,693
2026	—
2027	—
Thereafter	—
Total	<u>12,739</u>
Less: discount on notes receivable	<u>(77)</u>
Total	<u>\$ 12,662</u>

## NOTE 5. INVENTORIES

Inventories are comprised of the following items as of March 31, 2023 and December 31, 2022:

	March 31, 2023	December 31, 2022
	<i>(in thousands)</i>	
Raw material		
Cannabis plants	\$ 22,457	\$ 22,243
Packaging and supplies	53,516	52,046
Total raw material	<u>75,973</u>	<u>74,289</u>
Work in process	165,868	174,533
Finished goods-unmedicated	6,445	7,563
Finished goods-medicated	49,270	41,430
Total inventories	<u>\$ 297,556</u>	<u>\$ 297,815</u>

## NOTE 6. PROPERTY AND EQUIPMENT

As of March 31, 2023 and December 31, 2022, property and equipment consisted of the following:

	March 31, 2023	December 31, 2022
	<i>(in thousands)</i>	
Land	\$ 38,575	\$ 38,485
Buildings and improvements	570,193	556,932
Furniture and equipment	288,546	277,164
Vehicles	838	839
Total	<u>898,152</u>	<u>873,420</u>
Less: accumulated depreciation	<u>(154,762)</u>	<u>(134,587)</u>
Total property and equipment	743,390	738,833
Construction in progress	38,978	58,114
Total property and equipment, net	<u>\$ 782,368</u>	<u>\$ 796,947</u>

During the three months ended March 31, 2023 and 2022, the Company capitalized interest of \$0.6 million and \$1.5 million, respectively.

During the three months ended March 31, 2023 and 2022, the Company incurred depreciation expense of \$20.5 million and \$15.5 million, respectively.

During the three months ended March 31, 2023, the Company recorded an impairment on property and equipment related to the Massachusetts market of \$3.0 million, which is recorded to impairment and disposal of long-lived assets, net within the condensed consolidated statements of operations and comprehensive (loss) income.

During the three months ended March 31, 2022, the Company recorded an impairment of \$0.3 million, which is mainly the result of repositioning of assets, which is recorded to impairment and disposal of long-lived assets, net within the condensed consolidated statements of operations and comprehensive (loss) income.

During the three months ended March 31, 2023, the Company recorded a nominal loss on disposal of property and equipment, which is recorded to impairment and disposal of long-lived assets, net within the condensed consolidated statements of operations and comprehensive (loss) income. During the three months ended March 31, 2022, the Company recorded a loss of \$3.0 million, primarily related to assets located in our Southeast region, which is recorded to impairment and disposal of long-lived assets, net within the condensed consolidated statements of operations and comprehensive (loss) income.

During the three months ended March 31, 2023 and 2022, the Company recorded a gain on sale of property and equipment, net of \$0.3 million and zero, respectively, which is recorded to impairment and disposal of long-lived assets, net within the condensed consolidated statements of operations and comprehensive (loss) income.

#### NOTE 7. INTANGIBLE ASSETS

The Company's definite-lived intangible assets consisted of the following as of March 31, 2023 and December 31, 2022:

	March 31, 2023			December 31, 2022		
	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
	<i>(in thousands)</i>			<i>(in thousands)</i>		
Licenses	\$ 1,044,660	\$ 106,772	\$937,888	\$ 1,076,173	\$ 93,567	\$ 982,606
Trademarks	27,430	13,826	13,604	27,430	12,530	14,900
Internal use software	18,573	3,986	14,587	16,586	3,086	13,500
Tradenames	4,862	3,777	1,085	4,862	3,506	1,356
Customer relationships	3,536	3,302	234	3,536	3,252	284
<b>Total</b>	<b>\$ 1,099,061</b>	<b>\$ 131,663</b>	<b>\$967,398</b>	<b>\$ 1,128,587</b>	<b>\$ 115,941</b>	<b>\$ 1,012,646</b>

Amortization expense for the three months ended March 31, 2023 and 2022 was \$20.5 million and \$21.1 million, respectively.

During the three months ended March 31, 2023, the Company impaired intangible assets, primarily consisting of licenses, resulting in a loss on impairment of intangible assets of \$27.3 million, which is recorded to impairment and disposal of long-lived assets, net within the condensed consolidated statements of operations and comprehensive (loss) income.

The following table outlines the estimated future amortization expense related to intangible assets as of March 31, 2023:

Year	<b>Estimated Amortization</b>	
		<i>(in thousands)</i>
Nine Months Ending December 31, 2023	\$	60,465
2024		79,003
2025		76,000
2026		73,603
2027		71,102
Thereafter		607,225
	<u>\$</u>	<u>967,398</u>

As of March 31, 2023, the weighted average amortization period remaining for intangible assets was 13.2 years.

#### **NOTE 8. HELD FOR SALE**

As of March 31, 2023, the Company had \$18.1 million in assets held for sale and \$1.4 million in liabilities held for sale, which are recorded in prepaids and other current assets and accounts payable and accrued liabilities, respectively, on the condensed consolidated balance sheets, and primarily consist of property and equipment and a lease liability, respectively. As of December 31, 2022, the Company had \$14.5 million in assets held for sale which primarily consisted of property and equipment.

	<i>(in thousands)</i>	
Held for sale assets as of December 31, 2022	<u>\$</u>	<u>14,521</u>
Assets moved to held for sale		5,402
Non-cash settlement		(350)
Impairments <sup>(1)</sup>		(440)
Assets sold <sup>(2)</sup>		(1,000)
Held for sale assets as of March 31, 2023	<u>\$</u>	<u>18,133</u>
Held for sale liabilities as of December 31, 2022		—
Liabilities moved to held for sale		(1,428)
Held for sale liabilities as of March 31, 2023	<u>\$</u>	<u>(1,428)</u>

- (1) Recorded within impairment and disposal of long-lived assets, net in the condensed consolidated statement of operations and comprehensive (loss) income.
- (2) During the three months ended March 31, 2023, the Company recorded a loss on the sale of held for sale assets of \$0.4 million, which is recorded to impairment and disposal of long-lived assets, net within the condensed consolidated statements of

operations and comprehensive (loss) income. The Company received proceeds of \$0.6 million in connection with the sale during the three months ended March 31, 2023.

## NOTE 9. NOTES PAYABLE

As of March 31, 2023 and December 31, 2022, notes payable consisted of the following:

	March 31, 2023	December 31, 2022	Stated Interest Rate	Effective Interest Rate	Maturity Date	Net Book Value of Collateral
<i>(in thousands)</i>						
Promissory notes dated December 21, 2022 <sup>(1)</sup>	\$ 71,217	\$ 71,500	7.53% <sup>(4)</sup>	7.86%	1/1/2028	\$ 156,270
Promissory note dated December 22, 2022 <sup>(2)</sup>	18,791	18,900	7.30% <sup>(4)</sup>	7.38%	12/22/2032	\$ 9,557
Promissory notes dated October 1, 2021 <sup>(3)</sup>	5,959	6,095	8.14% <sup>(4)</sup>	8.29%	10/1/2027	\$ 10,567
Promissory note dated December 22, 2022	5,500	5,500	10.00% <sup>(4)</sup>	10.00%	12/22/2023	<sup>(5)</sup>
Promissory notes acquired in October 2021	2,484	5,338	<sup>(6)</sup>	<sup>(4)</sup> <sup>(6)</sup>	<sup>(6)</sup>	<sup>(6)</sup>
Promissory note of consolidated variable-interest entity dated February 1, 2022	1,139	1,200	8.00% <sup>(4)</sup>	8.00%	12/31/2025	—
Total notes payable	<u>105,090</u>	<u>108,533</u>				
Less: debt discount	(1,756)	(1,833)				
Less: current portion of notes payable	(9,813)	(12,453)				
Notes payable <sup>(7)</sup>	<u>\$ 93,521</u>	<u>\$ 94,247</u>				

- (1) In connection with the closing of these four promissory notes, the Company entered into an interest rate swap to fix the interest rate at 7.53% for the term of the notes. See *Note 23 in the 2022 Form 10-K* for further details. These promissory notes contain customary restrictive covenants pertaining to our management and operations, including, among other things, limitations on the amount of debt that may be incurred and the ability to pledge assets, among other things, as well as financial covenant requirements, that the Company comply with certain indebtedness to consolidated EBITDA (as defined) requirements, fixed charge ratio coverage, and liquidity covenant test. The covenants commence on June 30, 2023 and are measured semi-annually, except for certain covenants which were measured starting as of December 31, 2022. In May 2023, the Company amended the terms of the agreement in respect to the covenant requirements, excluding balloon payments from certain covenant calculations.
- (2) Promissory note bears interest at 7.30% per annum until December 21, 2027. Thereafter, interest will accrue at a rate equal to the five-year treasury rate in effect as of December 12, 2027 plus 3.50%. The promissory note contains customary restrictive covenants pertaining to our operations, including, among other things, limitations on the amount of debt and subsidiary debt that may be incurred and the ability to pledge assets, as well as financial covenant requirements, among other things, that the Company comply with certain indebtedness to consolidated EBITDA (as defined) requirements, covenant to liquidity and debt principal test, and a global debt service coverage ratio. The covenants commence on December 31, 2022 and December 31, 2023 and are measured annually.
- (3) On November 15, 2022, the Company closed on the refinancing of our promissory notes dated October 1, 2021 to extend the maturity date by five years and fix the interest rate at 8.14%. During the three months ended March 31, 2023, the Company determined to reposition the collateralized assets to held for sale as part of its continued efforts to optimize our assets and resources in the markets in which it serves. The Company expects to sell the assets, which primarily consist of property and equipment, within the near-term.
- (4) Interest payments are due monthly.
- (5) Promissory note is secured by the acquired membership interest in Formula 420 Cannabis LLC. See *Note 4 in the 2022 Form 10-K* for further details.
- (6) Seven promissory notes were acquired during the year ending December 31, 2021. Interest rates range from 0.00% to 5.50%, with a weighted average interest rate of 4.46% as of March 31, 2023. Maturity dates range from February 2023 to April 2026. Of the seven acquired promissory notes, five remain outstanding as of March 31, 2023. Of these notes four are secured

by various assets that approximate the value of the underlying notes of \$2.5 million and one of the notes, of which the fair value is nominal is unsecured as of March 31, 2023.

- (7) In addition to the notes payable listed in the above table, the Company entered into a letter of credit in October 2022 for up to \$1.5 million, for which there have been no draws as of March 31, 2023. The letter of credit is payable on demand, has an interest rate of 6.25%, and must be drawn on by October 2023 or will expire.

During the three months ended March 31, 2023 and 2022, the Company incurred interest expense of \$2.1 million and \$0.1 million, respectively, which is included within interest expense in the condensed consolidated statements of operations and comprehensive (loss) income. This includes accretion expense of \$0.1 million for the three months ended March 31, 2023. Accretion expense for the three months ended March 31, 2022 was nominal.

The Company's notes payable described above are subordinated to the private placement notes. See *Note 10 - Private Placement Notes* for further details.

As of March 31, 2023, stated maturities of notes payable are as follows:

	<i>(in thousands)</i>	
Nine months ended December 31, 2023	\$	9,080
2024		3,232
2025		3,982
2026		3,044
2027		69,352
Thereafter		16,400
Total	\$	<u>105,090</u>

## **NOTE 10. PRIVATE PLACEMENT NOTES**

### June and November Notes

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. The purchasers of the June Notes received warrants to purchase 1,470,000 Subordinate Voting Shares at a price of \$13.47 ("June Warrants") and the purchasers of the November Notes received warrants to purchase 1,560,000 Subordinate Voting Shares at a price of \$980 per Unit, with each unit consisting of one Note issued in Denominations of \$1,000 and 26 warrants ("November Warrants"), which can be exercised for approximately three years after closing (collectively the "Public Warrants"). The remaining outstanding Public Warrants expired in June 2022.

The fair value of the June Notes at inception was determined to be \$63.9 million using an effective 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 November Notes at inception was determined to be \$54.5 million using an effective 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.

### 2026 Notes

On October 6, 2021, the Company closed its private placement of 8% Senior Secured Notes (the "2026 Notes - Tranche One") for aggregate gross proceeds of \$350.0 million and net proceeds of \$342.6 million. The Company used a portion of the net proceeds to repay certain outstanding acquired indebtedness and used the remaining net proceeds for capital expenditures and other general corporate purposes. On January 28, 2022, the Company closed on a second tranche private placement of 8% Senior Secured Notes (the "2026 Notes - Tranche Two") for aggregate gross proceeds of \$76.9 million and net proceeds of \$75.6 million. The Company used the net proceeds for capital expenditures and other general corporate purposes. The notes may be redeemed in whole or in part, at the Company's option, at any time, on or after October 6, 2023, at the applicable redemption price. These notes are collectively referred to as the "2026 Notes".



As of March 31, 2023 and December 31, 2022, private placement notes payable consisted of the following:

	March 31, 2023	December 31, 2022	Stated Interest Rate	Effective Interest Rate	Maturity Date
	<i>(in thousands)</i>				
2026 Notes - Tranche One	\$ 350,000	\$ 350,000	8.00%	8.52%	10/6/2026
2026 Notes - Tranche Two	75,000	75,000	8.00%	8.43%	10/6/2026
June Notes	70,000	70,000	9.75%	13.32%	6/11/2024
November Notes	60,000	60,000	9.75%	13.43%	6/11/2024
Total private placement notes	<u>555,000</u>	<u>555,000</u>			
Less: Unamortized debt discount and issuance costs	(11,963)	(13,336)			
Private placement notes, net	<u>\$ 543,037</u>	<u>\$ 541,664</u>			

The private placement notes contain customary restrictive covenants pertaining to our management and operations, including, among other things, limitations on the amount of debt that may be incurred and the ability to pledge assets, as well as financial covenant requirements, that the Company comply with certain indebtedness to consolidated EBITDA (as defined) requirements and a fixed charge ratio coverage, measured from time to time when certain conditions are met.

During the three months ended March 31, 2023 and 2022, the Company incurred interest expense of \$12.9 million and \$12.3 million, respectively, which is included within interest expense in the condensed consolidated statements of operations and comprehensive (loss) income related to the private placement notes. This includes accretion expense on the private placement notes of \$1.4 million and \$1.2 million, respectively, for the three months ended March 31, 2023 and 2022.

Stated maturities of the principal portion of private placement notes outstanding as of March 31, 2023, are as follows:

Year	<i>(in thousands)</i>
Nine months ending December 31, 2023	\$ —
2024	130,000
2025	—
2026	425,000
2027	—
Thereafter	—
Total private placement notes	<u>\$ 555,000</u>

#### NOTE 11. LEASES

The Company leases real estate used for dispensaries, cultivation and production facilities, and corporate offices. Lease terms for real estate generally range from five to ten years. Most leases include options to renew for varying terms at the Company's sole discretion. Other leased assets include passenger vehicles, trucks, and equipment. Lease terms for these assets generally range from three to five years. Lease right-of-use assets and liabilities are recognized based on the present value of future minimum lease payments over the lease term at commencement date.

Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease agreements for some locations provide for rent escalations and renewal options. Certain real estate leases require payment for taxes, insurance and maintenance which are considered non-lease components. The Company accounts for real estate leases and the related fixed non-lease components together as a single component.

The Company recorded a loss on disposal of right of use assets of zero and \$10.5 million for three months ended March 31, 2023 and 2022, respectively, the latter is the result of repositioning away from margin dilutive assets, which is recorded to impairment and disposal of long-lived assets, net within the condensed consolidated statements of operations and comprehensive (loss) income.

The following table provides the components of lease cost recognized within the condensed consolidated statements of operations and comprehensive (loss) income for the three months ended March 31, 2023 and 2022:

	Statement of operations and comprehensive (loss) income location	Three Months Ended March 31,	
		2023	2022
<i>(in thousands)</i>			
Operating lease cost	Cost of goods sold, sales and marketing, general and administrative	\$ 4,913	\$ 5,602
Finance lease cost:			
Amortization of lease assets	Cost of goods sold, sales and marketing, general and administrative	2,955	2,515
Interest on lease liabilities	Interest expense	1,741	1,579
Finance lease cost		4,696	4,094
Variable lease cost	Cost of goods sold, sales and marketing, general and administrative	2,300	1,928
Short term lease expense	Cost of goods sold, sales and marketing, general and administrative	203	99
<b>Total lease cost</b>		<b>\$ 12,112</b>	<b>\$ 11,723</b>

During the three months ended March 31, 2023 and 2022, the Company earned \$0.4 million and \$0.1 million of sublease income, respectively, which is recorded in other income, net within the condensed consolidated statements of operations and comprehensive (loss) income.

Other information related to operating and finance leases is as follows:

	Three Months Ended March 31,	
	2023	2022
<i>(in thousands)</i>		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 5,052	\$ 5,027
Operating cash flows from finance leases	\$ 1,782	\$ 1,579
Financing cash flows from finance leases	\$ 2,040	\$ 1,421
ASC 842 lease additions and modifications:		
Operating leases	\$ 4,602	\$ 9,294
Finance leases	\$ (58)	\$ 6,301
	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Weighted average discount rate:		
Operating leases	9.43%	9.28%
Finance leases	8.86%	8.65%
Weighted average remaining lease term (in years):		
Operating leases	8.3	8.3
Finance leases	8.0	7.8

Future minimum lease payments under the Company's non-cancellable leases as of March 31, 2023 are as follows:

	Operating Leases	Finance Leases
	<i>(in thousands)</i>	
Nine months ending December 31, 2023	\$ 15,294	\$ 11,004
2024	20,364	14,640
2025	20,245	14,434
2026	19,649	13,572
2027	19,205	12,710
Thereafter	72,218	46,921
Total undiscounted lease liabilities	166,975	113,281
Less: Interest	(53,544)	(33,258)
Total present value of minimum lease payments	113,431	80,023
Lease liabilities- current portion	(10,365)	(8,041)
Lease liabilities	<u>\$ 103,066</u>	<u>\$ 71,982</u>

## NOTE 12. CONSTRUCTION FINANCE LIABILITIES

When the Company enters into sale-leaseback transactions, it assesses whether a contract exists and whether there is a performance obligation to transfer control of the asset when determining whether the transfer of an asset shall be accounted for as a sale of the asset. If control is not transferred based on the nature of the transaction, and therefore does not meet the requirements for a sale under the failed-sale-leaseback accounting model, the Company is deemed to own this real estate and reflects these properties on its consolidated balance sheets in property and equipment, net and depreciates them over the assets' useful lives. The liabilities associated with these leases are recorded to construction finance liabilities - current portion and construction finance liabilities on the condensed consolidated balance sheets. During the three months ended March 31, 2023 and 2022, the Company recorded interest expense of \$5.5 million and \$5.3 million, respectively, related to construction finance liabilities, which is included in interest expense within the condensed consolidated statements of operations and comprehensive (loss) income.

### *Holyoke*

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 transaction was determined to be a failed sale-leaseback financing arrangement. As of March 31, 2023, and December 31, 2022, the total construction finance liability associated with this transaction is \$45.4 million and \$45.2 million, respectively.

### *Ben Bostic*

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. As of March 31, 2023, and December 31, 2022, the total construction finance liability associated with this transaction is \$17.7 million and \$17.7 million, respectively.

### *McKeesport*

In October 2019, the Company acquired a failed sales-leaseback transaction of a cannabis cultivation facility in Pennsylvania. The initial term of the lease is 15 years, with two five-year options to renew. As of March 31, 2023, and December 31, 2022, the total construction finance liability associated with this transaction is \$42.0 million and \$41.8 million, respectively.

### *Alachua*

In October 2021, the Company acquired a failed sales-leaseback transaction of a cannabis cultivation and processing facility in Florida. The lease originated in January 2021 and has an initial term of 20 years, with two five-year options to renew. During the three months ended March 31, 2022, the Company idled the facility while determining the future plans for the operations. In the second quarter of fiscal 2022, the Company committed to a plan to cease using this facility and as a result recorded a loss on disposal of the related property and equipment of \$42.4 million. As of March 31, 2023, and December 31, 2022, the total construction finance liability associated with this transaction is \$59.2 million and \$59.2 million, respectively.

*Hancock*

In October 2021, the Company acquired a failed sales-leaseback transaction of a cannabis cultivation and processing facility in Maryland. The lease originated in August 2021 and has an initial term of ten years with two options to extend the term, the first providing a ten-year renewal option and the second providing a five-year renewal option. The landlord has agreed to provide a tenant improvement allowance of \$12.9 million as an additional component of base rent. As of March 31, 2023, and December 31, 2022, \$12.3 million and \$12.3 million of the tenant improvement allowance has been provided, respectively. As of March 31, 2023, and December 31, 2022, the total construction finance liability associated with this transaction is \$19.4 million and \$19.7 million, respectively.

Future minimum lease payments for the construction finance liabilities as of March 31, 2023, are as follows:

Year	<i>(in thousands)</i>	
Nine months ending December 31, 2023	\$	16,441
2024		22,498
2025		23,140
2026		23,801
2027		24,480
Thereafter		409,063
<b>Total future payments</b>		<b>519,423</b>
Less: Interest		(335,761)
<b>Total present value of minimum payments</b>		<b>183,662</b>
Construction finance liabilities - current portion		(1,256)
<b>Construction finance liabilities</b>	<b>\$</b>	<b>182,406</b>

**NOTE 13. EQUITY**

***Warrants***

*Liability Warrants*

In October 2021 the Company acquired 1,679 warrants in connection with the acquisition of Harvest Health and Recreation, Inc. ("Harvest Liability Warrants"). Each acquired warrant is exercisable into one Multiple Voting Share. Changes in fair value are recognized as a component of other (expense) income within the condensed consolidated statements of operations and comprehensive (loss) income as change in fair value of derivative liabilities - warrants.

	Number of warrants	Weighted average exercise price (\$CAD)	Weighted average remaining contractual life (Yrs)
Outstanding and exercisable as of January 1, 2023	1,679	\$ 1,125	0.31
Granted	—	—	—
Exercised	—	—	—
Outstanding and exercisable as of March 31, 2023	1,679	\$ 1,125	0.06

The fair value of the Harvest Liability Warrants is determined using the Black-Scholes options pricing model. The following table summarizes the significant assumptions used in determining the fair value of the warrant liability:

	March 31, 2023	December 31, 2022
Stock price (\$C)	\$7.48	\$10.26
Exchange rate	0.739	0.738
Remaining life	0.06	0.31
Annualized volatility	26.84%	104.07%
Discount rate	4.74%	4.42%
Exercise price (\$C)	\$11.25	\$11.25

## Equity Warrants

In connection with the Harvest Health and Recreation, Inc. acquisition in October 2021, the Company acquired certain equity classified warrants ("equity warrants"). The warrants range in exercise price from \$23.76 to \$145.24 and expire at various dates from June 2022 through December 2025. The warrants are exercisable into one Subordinate Voting Share. As of March 31, 2023 and December 31, 2022, there were 9,496 acquired equity warrants outstanding, respectively. Each acquired equity warrant is exercisable into one Subordinate Voting Share.

As of March 31, 2023 and December 31, 2022 there were zero Public Warrants outstanding. See *Note 10. Private Placement Notes* for further details on warrants issued in connection with private placement debt in 2019.

## Share Based Compensation

### Options

The Company did not issue any options during the three months ended March 31, 2023. In determining the amount of share-based compensation related to options issued during the three months ended March 31, 2022, 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, 2022</b>
Fair value at grant date	\$8.39-\$11.01
Stock price at grant date	\$21.48-\$25.41
Exercise price at grant date	\$21.48-\$25.41
Expected life in years	3.50 - 4.46
Expected volatility	51.81% - 52.87%
Expected annual rate of dividends	0%
Risk free annual interest rate	1.20% - 1.79%

The Company recorded share-based compensation for stock options as follows:

<b>Statement of operations and comprehensive (loss) income location</b>	<b>Three Months Ended</b>	
	<b>March 31,</b>	<b>March 31,</b>
	<b>2023</b>	<b>2022</b>
	<i>(in thousands)</i>	
Cost of goods sold	\$ 16	\$ 126
General and administrative	744	1,741
Sales and marketing	20	290
Total share-based compensation expense	<u>\$ 780</u>	<u>\$ 2,157</u>

The number and weighted-average exercise prices and remaining contractual life of options as of March 31, 2023 and 2022, were as follows:

	<b>Number of options</b>	<b>Weighted average exercise price</b>	<b>Weighted average remaining contractual life (Yrs.)</b>	<b>Aggregate intrinsic value</b>
Outstanding, January 1, 2023	3,177,815	\$ 25.96	5.41	\$ —
Granted	—	—		
Exercised	—	—		
Forfeited	(50,581)	27.28		
Outstanding, March 31, 2023	<u>3,127,234</u>	<u>\$ 25.94</u>	<u>5.10</u>	<u>\$ —</u>
Exercisable, March 31, 2023	2,374,971	\$ 26.21	4.01	\$ —

	Number of options	Weighted average exercise price	Weighted average remaining contractual life (Yrs.)	Aggregate intrinsic value
Outstanding, January 1, 2022	2,973,895	\$ 27.61	6.26	\$ —
Granted	864,051	21.56		
Exercised	(88,278)	11.32		
Forfeited	(121,127)	55.93		
Outstanding, March 31, 2022	3,628,541	\$ 25.62	6.23	\$ —
Exercisable, March 31, 2022	1,569,874	\$ 18.21	3.70	\$ 2.84

As of March 31, 2023, there was approximately \$3.3 million of unrecognized compensation cost related to unvested stock option arrangements which is expected to be recognized over a weighted average service period of 0.70 years.

#### Restricted Stock Units

The following is a summary of RSU activity for the three months ended March 31, 2023 and 2022, respectively:

	Number of restricted stock units	Weighted average grant price
Unvested balance as of January 1, 2023	720,707	\$ 22.36
Granted	—	
Vested	—	
Forfeited	(28,402)	23.20
Unvested balance as of March 31, 2023	692,305	\$ 22.21

	Number of restricted stock units	Weighted average grant price
Unvested balance as of January 1, 2022	332,428	\$ 26.86
Granted	821,800	21.51
Vested	(24,444)	21.48
Forfeited	(51,460)	26.00
Unvested balance as of March 31, 2022	1,078,324	\$ 22.94

The Company recorded share-based compensation for RSUs as follows:

Statement of operations and comprehensive (loss) income location	Three Months Ended March 31,	Three Months Ended March 31,
	2023	2022
	<i>(in thousands)</i>	
Cost of goods sold	\$ 220	\$ 201
General and administrative	1,319	1,894
Sales and marketing	82	312
Total share-based compensation expense	\$ 1,621	\$ 2,407

As of March 31, 2023, there was approximately \$7.2 million of total unrecognized compensation cost related to unvested restricted stock units, which is expected to be recognized over a weighted-average service period of 0.74 years.

## NOTE 14. EARNINGS PER SHARE

The following is a reconciliation for the calculation of basic and diluted earnings per share:

	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
	<i>(in thousands, except share and per share amounts)</i>	
<b>Numerator</b>		
Net loss from continuing operations	\$ (65,679)	\$ (30,123)
Less: Net loss and comprehensive loss attributable to non-controlling interest	(1,507)	(507)
Net loss from continuing operations available to common shareholders of Trulieve Cannabis Corp.	(64,172)	(29,616)
Net income (loss) from discontinued operations	48	(2,359)
Net loss and comprehensive loss attributable to common shareholders of Trulieve Cannabis Corp.	\$ (64,124)	\$ (31,975)
<b>Denominator</b>		
Weighted average number of common shares outstanding	188,899,309	187,054,916
Dilutive effect of securities	—	—
Diluted weighted average number of common shares outstanding	188,899,309	187,054,916
<b>Loss per Share - Continuing operations</b>		
Basic and diluted loss per share	\$ (0.34)	\$ (0.16)
<b>Income (loss) per Share - Discontinued operations</b>		
Basic and diluted loss per share	\$ 0.00	\$ (0.01)

Shares which have been excluded from diluted per share amounts because their effect would have been anti-dilutive are as follows:

	<b>March 31,</b>	
	<b>2023</b>	<b>2022</b>
Stock options	3,127,234	3,628,541
Restricted share units	692,305	1,078,324
Warrants	177,391	3,636,029

As of March 31, 2023, there are approximately 186.0 million issued and outstanding shares which excludes approximately 2.9 million fully vested RSUs which are not contractually issuable until 2024.

## NOTE 15. INCOME TAXES

The following table summarizes the Company's income tax expense and effective tax rate for the three months ended March 31, 2023 and 2022.

	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
	<i>(in thousands)</i>	
(Loss) Income before provision for income taxes	\$ (30,721)	\$ 13,002
Provision for income taxes	\$ 34,958	\$ 43,125
Effective tax rate	-114%	332%

The Company has computed its provision for income taxes based on the actual effective tax rate for the quarter as the Company believes this is the best estimate for the annual effective tax rate.

The Company is subject to income taxes in the United States and Canada. Significant judgment is required in evaluating the Company's uncertain tax positions and determining the provision for income taxes. The Company's gross unrecognized tax benefits were approximately \$48.8 million and \$41.8 million as of March 31, 2023 and December 31, 2022, respectively, which is recorded in deferred tax liabilities and other long-term liabilities in the condensed consolidated balance sheets. The increase of \$7.0 million in uncertain tax positions is due to a tax position taken relating to our inventory costs for tax purposes in our Florida dispensaries.

## NOTE 16. DISCONTINUED OPERATIONS

In July 2022, the Company approved the exit of the Nevada operations. This represents a strategic shift in the Company's operations and therefore is classified as discontinued operations as of March 31, 2023. Immaterial wind-down activities are expected to continue in the near term.

The assets and liabilities associated with discontinued operations consisted of the following as March 31, 2023 and December 31, 2022:

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<i>(in thousands)</i>	
<b>Assets associated with discontinued operations</b>		
Income tax receivable	\$ 1,716	\$ 1,708
Other assets	690	690
Cash	—	621
Prepays and other current assets	134	137
<b>Total assets associated with discontinued operations</b>	<b>\$ 2,540</b>	<b>\$ 3,156</b>
<b>Liabilities associated with discontinued operations</b>		
Operating lease liabilities	\$ 14,569	\$ 14,560
Accounts payable and accrued liabilities	33	493
<b>Total liabilities associated with discontinued operations</b>	<b>\$ 14,602</b>	<b>\$ 15,053</b>

The following table summarizes the Company's income (loss) from discontinued operations for the three months ended March 31, 2023 and 2022. The gain and loss resulting from the forgiveness of intercompany payables has been eliminated in consolidation.

	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
	<i>(in thousands)</i>	
Revenues, net of discounts	\$ —	\$ 601
Cost of goods sold	—	2,907
Gross margin	—	(2,306)
Expenses:		
Operating (income) expenses	(19)	892
Total Expenses	(19)	892
Income (loss) from operations	19	(3,198)
Other income:		
Other income, net	21	30
Total other income	21	30
Income (loss) before provision for income taxes	40	(3,168)
Income tax benefit	8	809
<b>Net income (loss) from discontinued operations</b>	<b>\$ 48</b>	<b>\$ (2,359)</b>

The condensed consolidated statements of cash flows include continuing operations and discontinued operations. The following table summarizes the depreciation of long-lived assets, amortization of long-lived assets, and capital expenditures of discontinued operations for the three months ended March 31, 2022. There was nominal activity for three months ended March 31, 2023.

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2022</b>	
Depreciation	\$	9
Amortization	\$	860
Purchases of property plant and equipment	\$	226



## NOTE 17. VARIABLE INTEREST ENTITIES

The Company has entered into operating agreements with various entities related to the purchase and operation of cannabis dispensary, cultivation, and production licenses, in several states in which it determined to be variable interest entities. The Company holds ownership interests in these entities ranging from none to 95% either directly or through a proxy as of March 31, 2023. The Company's VIEs are not material to the consolidated financial position or operations as of March 31, 2023 and December 31, 2022 or for the three months ended March 31, 2023 and 2022.

The Company determined certain of these entities to be variable interest entities in which it is the primary beneficiary. The Company consolidates these entities due to the other holder's equity investment being insufficient to finance its activities without additional subordinated financial support and the Company meeting the power and economics criteria. In particular, the Company controls the management decisions and activities most significant to certain VIEs, has provided a significant portion of the subordinated financial support provided to date, and holds membership interests exposing the Company to the risk of reward and/or loss. The Company allocates income and cash flows of the VIEs based on the outstanding ownership percentage in accordance with the underlying operating agreements, as amended. The Company has consolidated all identified variable interest entities for which the Company is the primary beneficiary in the accompanying condensed consolidated financial statements.

The following table presents the summarized assets and liabilities of the Company's VIEs in which the Company does not hold a majority interest as of March 31, 2023 and December 31, 2022. The assets and liabilities in the table below include third-party assets and liabilities of our VIEs only and exclude intercompany balances that eliminate in consolidation as included on our condensed consolidated balance sheets.

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
	<i>(in thousands)</i>	
<b>Current assets:</b>		
Cash	\$ 4,916	\$ 3,974
Accounts receivable, net	507	597
Inventories, net	7,330	6,922
Prepays and other current assets	2,349	314
<b>Total current assets</b>	<b>15,102</b>	<b>11,807</b>
Property and equipment, net	10,386	9,916
Right of use asset - operating, net	1,702	1,760
Right of use asset - finance, net	2,333	2,371
Intangible assets, net	15,830	16,123
Other assets	79	79
<b>Total assets</b>	<b>\$ 45,432</b>	<b>\$ 42,056</b>
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 4,190	\$ 2,992
Income tax payable	2,363	2,216
Deferred revenue	29	6
Operating lease liability - current portion	109	105
Finance lease liability - current portion	134	129
<b>Total current liabilities</b>	<b>6,825</b>	<b>5,448</b>
Notes payable	1,139	1,200
Operating lease liability	1,676	1,705
Finance lease liability	2,191	2,226
Deferred tax liabilities	3,993	4,228
Other long-term liabilities	526	625
<b>Total liabilities</b>	<b>\$ 16,350</b>	<b>\$ 15,432</b>

During the three months ended March 31, 2023, the Company paid \$0.4 million in cash and \$1.7 million in subordinate voting shares, earned but not yet issued, based on the completion of certain milestones required as part of the acquisition of one of the Company's consolidated variable interest entities. The Company previously paid \$0.8 million in cash for certain milestones. As of March 31, 2023, the Company has \$2.9 million in prepaid acquisition costs included in prepaids and other current assets in the condensed consolidated balance sheets. The agreement contains additional future milestones expected to be met in the near-term for additional cash and shares to be issued in accordance with the terms of the purchase agreement.

In the first quarter of 2022, the Company divested of its minority ownership interest in one of its VIEs and received cash of \$1.6 million and recorded an insignificant loss on the divestment which is recorded in impairment and disposal of long-lived, net in the condensed consolidated statements of operations and comprehensive (loss) income for the three months ended March 31, 2022. The Company no longer consolidates the VIE since it is no longer considered the primary beneficiary.

#### NOTE 18. RELATED PARTIES

The Company leases a cultivation facility and corporate office facility from an entity that is directly or indirectly owned by Kim Rivers, the Company's Chief Executive Officer and Chair of the board of directors, George Hackney, a former member of the Company's board of directors, and Richard May, a member of the Company's board of directors.

As of March 31, 2023, and December 31, 2022, under ASC 842, the Company had the following related party operating leases on the condensed consolidated balance sheets:

	<b>As of March 31, 2023</b>	<b>As of December 31, 2022</b>
	<i>(in thousands)</i>	
Right-of-use assets, net	\$ 783	\$ 820
Lease liabilities:		
Lease liabilities - current portion	\$ 117	\$ 113
Lease liabilities	710	751
Total related parties lease liabilities	\$ 827	\$ 864

Lease expense recognized on related party operating leases was less than \$0.1 million and \$0.1 million for the three months ended March 31, 2023 and 2022, respectively.

#### NOTE 19. REVENUE DISAGGREGATION

Net revenues are comprised of the following for the three months ended March 31, 2023 and 2022:

	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
	<i>(in thousands)</i>	
Retail	\$ 275,650	\$ 290,614
Wholesale, licensing, and other	13,439	27,133
Revenue, net of discounts	\$ 289,089	\$ 317,747

#### NOTE 20. COMMITMENTS AND CONTINGENCIES

##### *Operating Licenses*

Although the possession, cultivation, and distribution of cannabis is permitted in the states in which the Company operates, 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, inventory, cash and cash equivalents, equipment, and other goods, could be subject to asset forfeiture because cannabis is still federally illegal.

##### *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, as of March 31, 2023, there were no pending or threatened lawsuits that could reasonably be expected to have a material effect on the results of the Company's condensed consolidated statements of operations and comprehensive (loss) 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.

In connection with the acquisition of Watkins in the prior period, the Company received a demand letter on October 12, 2022, related to the four potential earnouts. The earnouts are based on the completion of certain milestones related to construction and operations

and contingent on the continued employment of key employee shareholders. The Company entered into a settlement agreement in May 2023 closing this matter.

### *Contingencies*

The Company records contingent liabilities with respect to litigation on various claims in which it believes a loss is probable and can be estimated. As of March 31, 2023 and December 31, 2022, \$24.2 million and \$31.7 million was included in contingent liabilities on the condensed consolidated balance sheets related to pending litigation, respectively. During the three months ended March 31, 2023 the Company settled various claims resulting in a decrease to the accrual. As of March 31, 2023 and December 31, 2022, \$1.3 million and \$3.0 million, respectively, was included in contingent liabilities on the condensed consolidated balance sheets for estimates related to various sales tax matters.

### *Regulatory Compliance*

The Company's compliance with state and other rules and regulations may be reviewed by state and federal agencies. If the Company fails to comply with these regulations, the Company could be subject to loss of licenses, substantial fines or penalties, and other sanctions.

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.

This "Management's Discussion and Analysis of Financial Condition and Results of Operations" of Trulieve Cannabis Corp., together with its subsidiaries ("Trulieve," "the Company," "we," or "our") should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and the related notes included elsewhere within this Quarterly Report on Form 10-Q and the Audited Consolidated Financial Statements and the related Notes thereto and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022 (the "Form 10-K"). There have been no material changes as of March 31, 2023 to the application of our critical accounting policies as described in Item 7 of the Form 10-K.

*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 Quarterly Report on Form 10-Q and in "Part I, Item 1A. Risk Factors" in our 2022 Form 10-K. 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 herein and in our 2022 Form 10-K. See "Special Note Regarding Forward-Looking Statements and Projections" in "Part II. Other Information" of this report. You should consider our forward-looking statements in light of the risks discussed in "Item 1A. Risk Factors" in "Part II. Other Information" of this report and our unaudited condensed consolidated financial statements, related notes and other financial information appearing elsewhere in this report, the Form 10-K and our other filings with the Securities and Exchange Commission (the "SEC").*

### Overview

Trulieve Cannabis Corp. is a reporting issuer in the United States and Canada. The Company’s Subordinate Voting Shares (as hereinafter defined) are listed for trading on the Canadian Securities Exchange ("CSE") under the symbol "TRUL" and are also traded in the United States on the OTCQX Best Market ("OTCQX") under the symbol "TCNNF".

Trulieve is a vertically integrated cannabis company and multi-state operator which currently operates in eleven states. Headquartered in Quincy, Florida, we are the market leader for quality medical cannabis products and services in Florida and we have market leading retail operations in Arizona, Pennsylvania, and West Virginia. By providing innovative, high-quality products across our brand portfolio, we 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 expanding access to high quality cannabis products and delivering exceptional customer experiences.

All of the states in which we operate have developed programs 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, Arizona, California, Colorado, Connecticut, Maryland, and Massachusetts have enacted laws permitting the commercialization of adult-use cannabis products. Trulieve operates its business through its directly and indirectly owned subsidiaries that hold licenses and have entered managed service agreements in the states in which they operate.

As of March 31, 2023 we operated the following:

State	Number of Dispensaries	Number of Cultivation and Processing Facilities
Florida	125	6
Arizona	20	4
Pennsylvania	19	3
West Virginia	10	1
Maryland	3	1
Massachusetts	3	1
California	3	—
Connecticut	1	—
Colorado	—	1
Georgia	—	1
Total	184	18

As of March 31, 2023, we employed over 5,900 people, and we are committed to providing patients and adult use consumers, which we refer to herein as "customers," a consistent and welcoming retail experience across Trulieve branded stores and affiliated retail locations.

Our business and operations center around the Trulieve brand philosophy of “Customers First” which permeates our culture beginning with high-quality and efficient cultivation and manufacturing practices. We focus on the consumer experience at Trulieve branded and affiliated retail locations, our in-house call center and in our Florida market at customer residences through a robust home delivery program. Our investments in vertically integrated operations in several of our markets afford us ownership of the entire supply chain, which mitigates third-party risks and allows us to completely control product quality and brand experience. We believe that this is contributive to high customer 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 interruption to existing operations.

Trulieve has identified five regional geographic hubs in the U.S. and has established cannabis operations in three of the five hubs: Southeast, Northeast, and Southwest. In each of our three regional hubs we have market leading positions in cornerstone states and additional operations and assets in other state markets. Our hubs are managed by national and regional management teams supported by our corporate headquarters in Florida.

#### *Southeast Hub*

Our Southeast hub operations are anchored by our cornerstone market of Florida. Trulieve was the first licensed operator in the medical market in Florida with initial sales in 2016. Publicly available reports filed with the Florida Office of Medical Marijuana Use show Trulieve has the most dispensing locations and the greatest dispensing volume across product categories out of all licensed medical marijuana businesses in the state as of March 31, 2023. Trulieve cultivates and produces all of its products in-house and distributes those products to customers in Trulieve branded stores (dispensaries) throughout Florida, as well as via home delivery.

In accordance with Florida law, Trulieve grows all of its cannabis in secure enclosed indoor facilities and greenhouse structures. In furtherance of our customer-first focus, we have developed a suite of Trulieve branded products, including flower, edibles, vaporizer cartridges, concentrates, topicals, capsules, tinctures, dissolvable powders, and nasal sprays. This wide variety of products gives customers the ability to select product(s) that consistently deliver the desired effect and in their preferred method of delivery. These products are delivered to customers statewide in Trulieve-branded retail stores and by home delivery.

In Georgia, Trulieve GA holds one of two Class 1 Production Licenses in the state and is permitted to cultivate cannabis for the manufacture and sale of low tetrahydrocannabinol, or THC oil. The Class 1 Production License allows for production facilities and five retail location with the potential to increase the retail locations as the registered patient count increases. Our cultivation and processing facility is active, producing cannabis oil via hydrocarbon extraction. Dispensaries have been constructed and are ready to serve the patients of Georgia. On April 28, 2023, the Company opened the first locations in Georgia, opening a store in Macon and Marietta.

#### *Northeast Hub*

Our Northeast hub operations are anchored by our cornerstone market of Pennsylvania.

We conduct cultivation, processing, and retail operations through direct and indirect subsidiaries with permits for retail operations and grower/processor operations in Pennsylvania. These subsidiaries operate cultivation and processing facilities in Carmichael, McKeesport, and Reading, Pennsylvania to support our affiliated network of retail dispensaries and wholesale distribution network across the state.

We operate three medical dispensaries and conduct wholesale sales supported by cultivation and processing in Hancock, Maryland.

We operate three retail dispensaries in Massachusetts, serving medical patients and adult use customers in Northampton and adult use customers in Framingham and Worcester. Our retail operations are supported by cultivation and manufacturing operations in Holyoke. We commenced wholesale sales in September 2021. Trulieve was the first to offer sales of clones supporting home grow for residents in the Massachusetts market in August 2021.

We operate a medical cannabis dispensary located in Bristol, Connecticut. In February 2023 we obtained a hybrid license and began adult-use cannabis sales in the state.

We operate ten medical dispensaries in West Virginia, supported by cultivation and processing operations in Huntington, West Virginia.

## *Southwest Hub*

Our Southwest hub operations are anchored by our cornerstone market of Arizona. In Arizona, Trulieve holds a market-leading retail position with twenty dispensaries, offering medical and adult use customers a wide range of branded and third-party products, including brand partner products, in addition to sales in the wholesale channel. We also serve medical and adult use customers in California. Trulieve conducts wholesale operations in Colorado, serving the medical and adult use markets.

### **Critical Accounting Estimates and Judgements**

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Significant estimates in our condensed consolidated financial statements, include, but are not limited to, accounting for acquisitions and business combinations; initial valuation and subsequent impairment testing of goodwill, other intangible assets and long-lived assets; leases; fair value of financial instruments, income taxes; inventory; share-based payment arrangements, and commitment and contingencies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

### **Drivers of Results of Continuing Operations**

#### *Revenue, Net*

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 revenue less 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 primarily relate to personnel and other costs related to dispensaries. Other expenses consist of marketing expenses related to marketing programs for our products. As we continue to expand and open additional dispensaries, we expect our sales and marketing expenses to continue to increase over the long-term.

#### *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.

#### *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*

Other income (expense), net consist primarily of interest expense, interest income, and the impact of the revaluation of the liability classified warrants and our interest rate swap.

#### *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 cost of goods sold.

## Financial Review

### Results of Continuing Operations

This section of this Form 10-Q generally describes and compares our results of continuing operations for the three months ended March 31, 2023 and 2022, except as noted. Refer to *Note 16. Discontinued Operations* to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q for additional financial information related to our discontinued operations.

### Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022

	Three Months Ended March 31,				Amount Change
	2023		2022		
	<i>(in thousands)</i>				
	Amount	Percentage of Revenues, Net	Amount	Percentage of Revenues, Net	
<b>Statement of operations data:</b>					
Revenue, net of discounts	\$289,089	100.0%	\$317,747	100.0%	\$(28,658)
Cost of goods sold	139,151	48.1%	137,291	43.2%	1,860
Gross profit	149,938	51.9%	180,456	56.8%	(30,518)
Expenses:					
Sales and marketing	62,312	21.6%	72,838	22.9%	(10,526)
General and administrative	39,383	13.6%	33,547	10.6%	5,836
Depreciation and amortization	30,371	10.5%	28,436	8.9%	1,935
Impairments and disposals of long-lived assets, net	31,015	10.7%	16,461	5.2%	14,554
Total expenses	163,081	56.4%	151,282	47.6%	11,799
(Loss) income from operations	(13,143)	(4.5%)	29,174	9.2%	(42,317)
Other (expense) income:					
Interest expense	(22,748)	(7.9%)	(17,877)	(5.6%)	(4,871)
Change in fair value of derivative liabilities - warrants	252	0.1%	820	0.3%	(568)
Other income, net	4,918	1.7%	885	0.3%	4,033
Total other expense	(17,578)	(6.1%)	(16,172)	(5.1%)	(1,406)
(Loss) income before provision for income taxes	(30,721)	(10.6%)	13,002	4.1%	(43,723)
Provision for income taxes	34,958	12.1%	43,125	13.6%	(8,167)
Net loss from continuing operations and comprehensive loss	(65,679)	(22.7%)	(30,123)	(9.5%)	(35,556)
Net (income) loss from discontinued operations, net of tax benefit of \$8 and \$809, respectively	(48)	(0.0%)	2,359	0.7%	(2,407)
Net loss	(65,631)	(22.7%)	(32,482)	(10.2%)	(33,149)
Less: Net loss and comprehensive loss attributable to non-controlling interest from continuing operations	(1,507)	(0.5%)	(507)	(0.2%)	(1,000)
Net loss and comprehensive loss attributable to common shareholders	<u>\$(64,124)</u>	<u>(22.2%)</u>	<u>\$(31,975)</u>	<u>(10.1%)</u>	<u>\$(32,149)</u>

#### Revenue, Net

Revenue, net for the three months ended March 31, 2023 was \$289.1 million, a decrease of \$28.7 million or 9% from \$317.7 million for the three months ended March 31, 2022. The decrease in revenue is due to a \$15.0 million decrease in retail revenues and a \$13.7 million decrease in wholesale revenues. The Company experienced increased competition and promotional activity in

certain markets, including Florida, Pennsylvania and Massachusetts. The Company operated 184 dispensaries and 165 dispensaries as of March 31, 2023 and March 31, 2022, respectively, opening three new dispensaries during the first quarter of 2023.

#### *Cost of Goods Sold*

Cost of goods sold for the three months ended March 31, 2023 was \$139.2 million, an increase of \$1.9 million or 1% from \$137.3 million for the three months ended March 31, 2022. Cost of goods as a percentage of revenues, net was 48.1% in the current quarter compared to 43.2% in the prior year period. The increase was primarily due to increased depreciation related to capital expenditures to support business growth, new production facilities in existing markets where economies of scale are anticipated in the future, and expansion into new markets which are not fully vertical, resulting in the sale of third-party products, and therefore yield lower margin than our vertical markets.

#### *Gross Profit*

Gross profit for the three months ended March 31, 2023 was \$149.9 million, a decrease of \$30.5 million or 17% from \$180.5 million for the three months ended March 31, 2022. Gross profit as a percentage of revenue, net was 51.9% in the current quarter compared to 56.8% in the prior year period driven by increased promotional activity in certain retail markets, a product mix shift to value brands and initiatives to reduce inventory levels.

#### *Sales and Marketing Expense*

Sales and marketing expense for the three months ended March 31, 2023 was \$62.3 million, a decrease of \$10.5 million or 14% from \$72.8 million for the three months ended March 31, 2022. Sales and marketing expense as a percentage of revenues, net was 21.6% in the current quarter compared to 22.9% in the prior year period. The decrease in expense was largely attributable to lower headcount in the Company's dispensaries as we refined staffing levels to more closely align with consumer traffic and consumption levels. Another factor in the decrease in sales and marketing expenses is \$2.1 million related to the accrual of earn-outs related to the Watkins acquisition for the three months ended March 31, 2022.

#### *General and Administrative Expense*

General and administrative expense for the three months ended March 31, 2023 was \$39.4 million, an increase of \$5.8 million or 17% from \$33.5 million for the three months ended March 31, 2022. The increase in general and administrative expense is primarily due to a \$10.5 million contribution to the Smart and Safe Florida campaign during the first quarter of 2023, partially offset by lower stock-based compensation expense and transaction and integration costs as compared to the prior period.

#### *Depreciation and Amortization Expense*

Depreciation and amortization expense for the three months ended March 31, 2023 was \$30.4 million, an increase of \$1.9 million or 7% from \$28.4 million for the three months ended March 31, 2022. The overall increase in depreciation and amortization expense was due to acquired facilities and investment in infrastructure for additional dispensaries and cultivation facilities.

#### *Impairments and Disposals of Long-lived Assets, Net*

Impairment and disposal of long-lived assets, net for the three months ended March 31, 2023 was \$31.0 million, an increase of \$14.6 million or 88% from \$16.5 million for the three months ended March 31, 2022. During the three months ended March 31, 2023, the Company recorded an impairment of \$30.3 million in the Massachusetts market, which primarily consisted of intangible assets. The impairment expense incurred in the prior year was primarily due to exited facilities and the repositioning of assets, primarily in our southeast hub.

#### *Other Expense, Net*

Other expense, net for the three months ended March 31, 2023 was \$17.6 million, an increase of \$1.4 million or 9% from \$16.2 million for three months ended March 31, 2022. The increase is primarily the result of a \$4.9 million increase in interest expense related to additional finance leases and private placement notes to support the long-term business growth, partially offset by gains related to non-operating assets and interest income on money market funds.

#### *Provision for Income Taxes*



The provision for income taxes for the three months ended March 31, 2023 was \$35.0 million, a decrease of \$8.2 million or 19% from \$43.1 million for the three months ended March 31, 2022. For the three months ended March 31, 2023, the decrease in income tax expense is primarily due to the decrease in gross profit. Under IRC Section 280E, cannabis companies are only allowed to deduct expenses that are directly related to production of the products. The Company's quarterly tax provision is subject to change resulting from several factors, including regulations and administrative practices, principles, and interpretations related to tax.

#### *Net Loss from Continuing Operations and Comprehensive Loss*

Net loss from continuing operations and comprehensive loss for the three months ended March 31, 2023 was \$65.7 million, an increase of \$35.6 million or 118% from \$30.1 million for the three months ended March 31, 2022. The increase was driven primarily by lower gross margin and impairment expense, partially offset by lower sales and marketing and decreased tax expense.

#### *Net Income (Loss) from Discontinued Operations, Net of Tax Benefit*

Net income from discontinued operations, net of tax benefit for the three months ended March 31, 2023 increased \$2.4 million or 102% from a net loss of \$2.4 million for the three months ended March 31, 2022. Net losses relate to the Company's operations in Nevada that were discontinued in 2022.

### **Liquidity and Capital Resources**

#### *Sources of Liquidity*

Since our inception, we have funded our operations and capital spending through cash flows from product sales, third-party debt, proceeds from the sale of our capital stock and loans from affiliates and entities controlled by our affiliates. 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.

Our primary uses of cash are for working capital requirements, capital expenditures, debt service payments, income tax payments, and acquisitions. Additionally, from time to time, we may use capital for 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, and improvements to existing facilities. Our debt service payments consist primarily of interest payments. Income tax payments are mainly represented by federal income tax payments due to IRC Section 280E.

Cash and cash equivalents were \$188.1 million as of March 31, 2023. We believe our existing cash balances will be sufficient to meet our anticipated cash requirements from the date of this Quarterly Report on Form 10-Q through at least the next 12 months. Any additional future requirements will be funded through the following sources of capital:

- Cash from ongoing operations,
- Market offerings - the Company has the ability to offer equity in the market for significant potential proceeds, as evidenced by previous recent private placements,
- Debt - the Company has the ability to obtain additional debt from additional creditors,
- Exercise of share-based awards - the Company may receive funds from exercise of options from the holders of such securities.

#### *Cash Flows*

The condensed consolidated statements of cash flows include continuing operations and discontinued operations for the three months ended March 31, 2023 and 2022. The table below highlights our cash flows for the periods indicated.

	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
	<i>(in thousands)</i>	
Net cash provided by operating activities	\$ 410	\$ 45,147
Net cash used in investing activities	(18,812)	(83,828)
Net cash (used in) provided by financing activities	(5,810)	72,248
Net (decrease) increase in cash and cash equivalents	\$ (24,212)	\$ 33,567

#### *Cash Flow from Operating Activities*

Net cash provided by operating activities was \$0.4 million for the three months ended March 31, 2023, a decrease of \$44.7 million as compared to \$45.1 million net cash provided by operating activities during the three months ended March 31, 2022. This is primarily due to income tax payments of \$46.3 million that were deferred from the fourth quarter of 2022 due to Hurricane Ian and paid in the first quarter of 2023. Cash flows from operating activities were also impacted by lower results in the three months ended March 31, 2023, offset by favorable changes in working capital (excluding tax payments).

#### *Cash Flow from Investing Activities*

Net cash used in investing activities was \$18.8 million for the three months ended March 31, 2023, a decrease of \$65.0 million, compared to the \$83.8 million net cash used in investing activities for the three months ended March 31, 2022. The primary use of cash in both periods was the purchase of property and equipment, with the prior period having significantly more purchases of property and equipment. Additionally, the prior period included the cash payment of \$27.5 million related to the acquisition of the Watkins Cultivation Operation.

#### *Cash Flow from Financing Activities*

Net cash used in financing activities was \$5.8 million for the three months ended March 31, 2023, a decrease of \$78.1 million, compared to the \$72.2 million net cash provided by financing activities for the three months ended March 31, 2022. The decrease was primarily due to proceeds of \$76.4 million from private placement notes which closed in the first quarter of 2022.

### **Balance Sheet Exposure**

As of March 31, 2023 and December 31, 2022, 100% of our condensed consolidated 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 the "Risk Factors" section of this Quarterly Report on Form 10-Q and "Part I, Item 1A - Risk Factors" in our 2022 Form 10-K.

### **Contractual Obligations**

As of March 31, 2023, we had the following contractual obligations to make future payments, representing contracts and other commitments that are known and committed:

	<b>&lt;1 Year</b>	<b>1 to 3 Years</b>	<b>3 to 5 Years</b>	<b>&gt;5 Years</b>	<b>Total</b>
	<i>(in thousands)</i>				
Notes payable	\$ 9,737	\$ 7,307	\$ 71,797	\$ 16,249	\$ 105,090
Private placement notes	\$ —	\$ 130,000	\$ 425,000	\$ —	\$ 555,000
Operating lease liabilities	\$ 22,263	\$ 44,315	\$ 42,800	\$ 92,125	\$ 201,503
Finance lease liabilities	\$ 14,704	\$ 28,851	\$ 25,871	\$ 43,855	\$ 113,281
Construction finance liabilities	\$ 22,029	\$ 45,962	\$ 48,623	\$ 402,809	\$ 519,423
Lease Settlements	\$ 1,646	\$ 1,284	\$ 847	\$ 2,540	\$ 6,317
<b>Total<sup>(1)</sup></b>	<b>\$ 70,379</b>	<b>\$ 257,719</b>	<b>\$ 614,938</b>	<b>\$ 557,578</b>	<b>\$ 1,500,614</b>

(1) Includes liabilities due in relation to our discontinued operations.

For additional information on our commitments for financing arrangements, future lease payments, lease guarantees, and other obligations, see Note 9. Notes Payable, Note 10. Private Placement Notes, Note 11. Leases, Note 12. Construction Finance Liabilities, and Note 20. Commitments and Contingencies.

### 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.

### Management's Use of Non-GAAP Measures

Our management uses a financial measure that is not in accordance with generally accepted accounting principles in the U.S., or GAAP, in addition to financial measures in accordance with GAAP to evaluate our operating results. This non-GAAP financial measure 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, provision for income taxes, and depreciation and amortization to arrive at EBITDA. This is then adjusted for items that do not represent the operations of the core business such as integration and transition costs, acquisition and transaction costs, inventory step-up for fair value adjustments in purchase accounting, other non-recurring costs such as contributions to specific initiative campaigns (such as Smart and Safe Florida), expenses related to the COVID-19 pandemic, impairments and disposals of long-lived assets, the results of entities consolidated as variable interest entities ("VIEs") but not legally controlled and operated by the Company, discontinued operations, and other income and expense items. Integration and transition costs include those costs related to integration of acquired entities and to transition major systems or processes. Acquisition and transaction costs relate to specific transactions such as acquisitions whether contemplated or completed and regulatory filings and costs related to equity and debt issuances. Other non-recurring costs includes miscellaneous items which are not expected to reoccur frequently such as inventory adjustments related to specific issues and unusual litigation. Adjusted EBITDA for the three months ended March 31, 2022, has been adjusted to reflect this current definition and to conform with the current period presentation.

Trulieve reports Adjusted EBITDA to help investors assess the operating performance of the Company'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 immediately following our discussion of "Adjusted EBITDA".

#### Adjusted EBITDA

	Three Months Ended		Change Increase /	
	March 31,		(Decrease)	
	2023	2022	\$	%
	<i>(in thousands)</i>			
Adjusted EBITDA	\$ 78,152	\$ 105,439	\$ (27,287)	(26)%

Adjusted EBITDA for the three months ended March 31, 2023 was \$78.2 million, a decrease of \$27.3 million or 26%, from \$105.4 million for the three months ended March 31, 2022. The following table presents a reconciliation of GAAP net income to non-GAAP Adjusted EBITDA, for each of the periods presented:

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2023</b>	<b>2022</b>
	<i>(in thousands)</i>	
Net loss and comprehensive loss attributable to common shareholders	\$ (64,124)	\$ (31,975)
Add (deduct) impact of:		
Interest expense	22,748	17,877
Provision for income taxes	34,958	43,125
Depreciation and amortization	30,371	28,436
Depreciation included in cost of goods sold	13,551	10,683
EBITDA	<u>37,504</u>	<u>68,146</u>
Impairment and disposal of long-lived assets, net	31,015	16,461
Legislative campaign contributions	10,512	—
Integration and transition costs	1,938	5,274
Share-based compensation and related premiums	2,401	4,564
Other income, net	(4,918)	(885)
Change in fair value of derivative liabilities - warrants	(252)	(820)
Discontinued operations	(48)	2,359
Acquisition and transaction costs	—	3,297
Other non-recurring costs	—	6,189
Inventory step up, fair value	—	400
COVID related expenses	—	431
Results of entities not legally controlled	—	23
Total adjustments	<u>40,648</u>	<u>37,293</u>
Adjusted EBITDA	<u>\$ 78,152</u>	<u>\$ 105,439</u>

### Item 3. Quantitative and Qualitative Disclosures About Market Risk.

There have been no material changes to our market risk disclosures as set forth in Part II Item 7A of our Annual Report on Form 10-K for the year ended December 31, 2022.

### Item 4. Controls and Procedures.

#### Material Weakness in Internal Control Over Financial Reporting

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the specified time periods and accumulated and communicated to our management, including our principal executive officer and principal accounting officer, as appropriate to allow timely decisions regarding disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, as ours are designed to do, and management necessarily was required to apply its judgment in evaluating the risk related to controls and procedures.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Management of the Company, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) as of March 31, 2023. Our Chief Executive Officer and Chief Financial Officer have concluded that, due to the material weaknesses identified in the prior period which are currently in the process of being remediated, as of March 31, 2023, we did not maintain effective disclosure controls and procedures because of the material weaknesses in internal control as described in Item 9A. Controls and Procedures in the 2022 Annual Report on Form 10-K, filed with the SEC on March 8, 2023.

Notwithstanding the material weaknesses described in the 2022 Annual Report on Form 10-K, we have concluded that the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q fairly present, in all material respects, our financial position, results of operations and cash flows for the periods presented in conformity with U.S. GAAP.

We consolidated variable interest entities as of March 31, 2023 and December 31, 2022, because we determined we were the primary beneficiary. We have elected to exclude our variable interest entities from the scope of our evaluation of internal control over financial reporting as of March 31, 2023 and December 31, 2022. The financial position of our variable interest entities represented an insignificant amount of our total assets, net revenues, and results of operations for the period ended March 31, 2023 and December 31, 2022, respectively.

### **Management's Remediation Measures**

We previously identified and disclosed material weaknesses in internal control as described in Item 9A. Controls and Procedures in the 2022 Annual Report on Form 10-K, filed with the SEC on March 8, 2023. The material weaknesses were due to a lack of sufficient controls around information technology, inventory valuation, and variable interest entities.

Management is committed to maintaining a strong internal control environment. In response to the identified material weaknesses in the overall control environment, management, with the oversight of the Audit Committee of the Board of Directors, the Company is taking a number of remediation actions and are continuing our actions. Remediation efforts include but are not limited to the following:

#### Information technology:

The Company has designed and is the process of designing and implementing improved or additional controls over access, change management, and IT operations to ensure that access rights are restricted to appropriate individuals, and that data integrity is maintained via effective change management controls over system updates and the transfer of data between systems.

The Company continues to adjust its Enterprise Resource Planning ("ERP") Systems to work towards improvement and automation of ITGC's as well as other business process application controls.

The Company is enhancing procedures to validate the information produced by the entity and end user computing to compensate while the ITGC controls are being improved.

#### Inventory Valuation:

The Company continues to adjust its ERP Systems to work towards increasing the level of automation in inventory tracking and analysis and reducing manual processes.

The Company has hired additional qualified personnel to provide additional oversight around the inventory valuation process.

Adding additional and more robust management review controls to provide more focus on detailed analyses and enhanced monitoring of our inventory valuation policies and process.

#### Variable Interest Entities:

The Company is enhancing procedures around the identification and evaluation, and where applicable, remeasurement, of our variable interest entities and potential variable interest entities.

Reviewing business processes surrounding non-routine transactions and other complex financial reporting areas to identify and implement enhanced procedures related to internal controls.

Beginning in fiscal year 2022, the Company consolidated the identified variable interest entity that was previously not consolidated. The consolidated financial statements for prior periods were not and will not be modified in future Annual Reports as such errors are immaterial to those periods.

While progress has been made to enhance our internal control over financial reporting, we are still in the process of building and enhancing our processes, procedures, and controls. Additional time is required to complete the remediation of the material weaknesses and the assessment to ensure the sustainability of these remediation actions. We believe the above actions as well as those being implemented currently, when complete, will be effective in the remediation of the material weaknesses described above.

### **Changes in Internal Controls Over Financial Reporting**

Other than the remediation measures discussed above, there have been no changes in internal controls over financial reporting during the three months ended March 31, 2023, that has materially affected, or is reasonably likely to materially affect, the

Company's internal control over financial reporting. Management believes these actions will help remediate internal control deficiencies related to the Company's financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Exchange Act).

## PART II - OTHER INFORMATION

### Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q 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 Quarterly Report on Form 10-Q 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. 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 receipt and/or maintenance of required licenses and third party consents and 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. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control. As a result, any or all of our forward-looking statements in this Quarterly Report on Form 10-Q may turn out to be inaccurate. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under “Risk Factors” and discussed elsewhere in this Quarterly Report on Form 10-Q and in “Part I, Item 1A – Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future. You should, however, review the factors and risks we describe in the reports we will file from time to time with the SEC after the date of this Quarterly Report on Form 10-Q. These factors and risks include, among other things, the following:

#### *Risks Related to Our Business and Industry*

- the illegality of cannabis under federal law;
- the uncertainty regarding the regulation of cannabis in the U.S.;
- the effect of constraints on marketing our products;
- the risks related to the newness of the cannabis industry;
- the effect of risks due to industry immaturity;
- the risk we may not be able to grow our product offerings and dispensary services;
- the effect of risks related to material acquisitions, investments, dispositions and other strategic transactions;
- the effect of risks related to growth management;
- the effect of restricted access to banking and other financial services by cannabis businesses and their clients;
- our ability to comply with potential future FDA regulations;
- the risks related to control over variable interest entities;
- the effect of restrictions under U.S. border entry laws;
- the effect of heightened scrutiny that we may face in the U.S. and Canada and the effect it could have to further limit the market of our securities for holders in the U.S.;
- our expectation that we will incur significant ongoing costs and obligations related to our infrastructure, growth, regulatory compliance and operations;
- the effect of a limited market for our securities for holders in the U.S.;
- our ability to locate and obtain the rights to operate at preferred locations;

- the effect of unfavorable tax treatment for cannabis businesses;
- the effect of taxation on our business in the U.S. and Canada;
- the effect of the lack of bankruptcy protections for cannabis businesses;
- the effect of risks related to being a holding company;
- our ability to enforce our contracts;
- the effect of intense competition in the cannabis industry;
- our ability to obtain cannabis licenses or to maintain such licenses;
- the risks our subsidiaries may not be able to obtain their required licenses;
- our ability to accurately forecast operating results and plan our operations;
- the effect of agricultural and environmental risks;
- our ability to adequately protect our intellectual property;
- the effect of risks of civil asset forfeiture of our property;
- the effect of risks related to ineffective internal controls over financial reporting;
- the effect of risks related to a known material weakness in our internal control over financial reporting;
- our dependency on key personnel;
- the effect of product liability claims;
- the effect of risks related to our products;
- the effect of unfavorable publicity or consumer perception;
- the effect of product recalls;
- the effect of security risks related to our products and our information technology systems;
- the effect of risks related to misconduct by our service providers and business partners;
- the effect of risks related to labor union activity;
- potential criminal prosecution or civil liabilities under RICO;
- the effect of risks related to our significant indebtedness;
- our ability to obtain adequate insurance coverage;
- the effect of risks related to key utility services on which we rely;

*Risks Related to Owning Subordinate Voting Shares*

- the possibility of no positive return on our securities;
- the effect of additional issuances of our securities in the future;
- the effect of sales of substantial amounts of our shares in the public market;
- volatility of the market price and liquidity risks on our shares;
- the lack of sufficient liquidity in the markets for our shares;

## **Item 1. Legal Proceedings.**

There are no actual or to our knowledge contemplated legal proceedings material to us or to which any of our or any of our subsidiaries' property is the subject matter.

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 material 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 filing.

## **Item 1A. Risk Factors.**

Investing in our Subordinate Voting Shares involves a high degree of risk. Our Annual Report on Form 10-K for the year ended December 31, 2022 filed with the SEC on March 8, 2023 includes a detailed discussion of our risk factors under the heading "Part I, Item 1A—Risk Factors." You should consider carefully the risk factors discussed in our Annual Report on Form 10-K for the year ended December 31, 2022 and all other information contained in or incorporated by reference in this Quarterly Report on Form 10-Q before making an investment decision. If any of the risks discussed in the Annual Report on Form 10-K for the year ended December 31, 2022 actually occur, they may materially harm our business, financial condition, operating results, cash flows or growth prospects. As a result, the market price of our Subordinate Voting Shares could decline, and you could lose all or part of your investment. Additional risks and uncertainties that are not yet identified or that we think are immaterial may also materially harm our business, financial condition, operating results, cash flows or growth prospects and could result in a complete loss of your investment. Other than the following, there have been no material changes from such risk factors during the period ended March 31, 2023.

*We maintain cash deposits in excess of federally insured limits. Adverse developments affecting financial institutions, including bank failures, could adversely affect our liquidity and financial performance.*

We maintain domestic cash deposits in Federal Deposit Insurance Corporation ("FDIC") insured banks that exceed the FDIC insurance limits. Bank failures, events involving limited liquidity, defaults, non-performance, or other adverse developments that affect financial institutions, or concerns or rumors about such events, may lead to liquidity constraints. There can be no assurance that our deposits in excess of the FDIC or other comparable insurance limits will be backstopped by the United States government, or that any bank or financial institution with which we do business will be able to obtain needed liquidity from other banks, government institutions, or by acquisition in the event of a failure or liquidity crisis.

For example, on March 10, 2023, Silicon Valley Bank was closed by the California Department of Financial Protection and Innovation, which appointed the FDIC as receiver. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership. Although we do not have any accounts at or business relationships with these banks, we may be negatively impacted by other disruptions to the United States banking system caused by these or similar developments. The failure of a bank, or other adverse conditions in the financial or credit markets impacting financial institutions at which we maintain balances, could adversely impact our liquidity and financial performance.

In addition, as further described in our Annual Report on Form 10-K for the year ended December 31, 2022, most banks and other financial institutions have not been willing to provide banking services to cannabis-related businesses. As such, the Company may have increased difficulty accessing the services of banks amid the adverse developments affecting the financial services industry, which may make it difficult to operate its business. In such an event, the Company's operations and financial condition could be adversely impacted.

## **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

None.

## **Item 3. Defaults Upon Senior Securities.**

Not applicable.

## **Item 4. Mine Safety Disclosures.**

Not applicable.

## **Item 5. Other Information.**

In connection with the regularly scheduled review of executive compensation effective as of January 1, 2023, an annual salary increase in the amount of 5.0% was approved for each Alex D'Amico and Eric Powers. In addition, effective as of January 1, 2023, the restructuring of the incentive compensation structure was approved for Kim Rivers and Alex D'Amico.

This disclosure is provided in this Part II, Item 5 in lieu of disclosure under Item 5.02(e) of Form 8-K.



## Item 6. Exhibits.

Exhibit Number	Description
10.1 ‡,*	<a href="#">Executive Employment Agreement, dated January 3, 2023, by and between Trulieve Cannabis Corp. and Joy Malivuk</a>
10.2 †,*	<a href="#">First Amendment to Loan Agreement, dated as of May 9, 2023 and effective as of December 21, 2022</a>
10.3 *	<a href="#">Second Amendment to Loan Agreement, dated as of May 9, 2023</a>
31.1 *	<a href="#">Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2 *	<a href="#">Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1 *	<a href="#">Certification of Principal Executive Officer and Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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\* Filed herewith.

‡ Management contract or compensatory plan or arrangement.

† Certain identified information has been excluded from the exhibit pursuant to Item 601(a)(6) and/or Item 601(b)(10)(iv) of Regulation S-K.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

TRULIEVE CANNABIS CORP.

Date: May 10, 2023

By: \_\_\_\_\_  
*/s/ Kim Rivers*  
**Kim Rivers**  
**Chief Executive Officer**  
**(Principal Executive Officer)**

Date: May 10, 2023

By: \_\_\_\_\_  
*/s/ Alex D'Amico*  
**Alex D'Amico**  
**Chief Financial Officer**  
**(Principal Financial Officer)**

Date: May 10, 2023

By: \_\_\_\_\_  
*/s/ Joy Malivuk*  
**Joy Malivuk**  
**Chief Accounting Officer**  
**(Principal Accounting Officer)**

**EXECUTIVE EMPLOYMENT AGREEMENT**

THIS EXECUTIVE EMPLOYMENT AGREEMENT (this “Agreement”), dated as of January 3, 2023 (the “Effective Date”), is entered into by and between, Trulieve Cannabis Corp. (the “Company”), and Joy Malivuk (the “Executive”). (The Company and the Executive are sometimes individually referred to herein as a “Party” and collectively as the “Parties”).

WHEREAS, the Company desires to continue to employ the Executive and the Executive desires to accept continued employment with the Company, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the foregoing recitals, which are made a part hereof, the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. Employment Term. Unless terminated earlier in accordance with Section 4 of this Agreement, the Executive’s employment with the Company pursuant to this Agreement shall be for an initial term of three (3) years commencing on the Effective Date and ending on the third anniversary of the Effective Date (the “Initial Term”). Thereafter, this Agreement shall be automatically renewed for successive one-year terms commencing on the applicable anniversary of the Effective Date (each such successive year being a “Renewal Term,” and, together with the Initial Term, or such lesser period in the event of termination of the Executive’s employment prior to the expiration of the Initial Term or a Renewal Term in accordance with Section 4 of this Agreement, the “Employment Term”), unless either Party gives written notice to the other Party not less than ninety (90) days prior to the end of the Initial Term or a Renewal Term, as the case may be, of such Party’s election not to renew this Agreement (“Notice of Non-Renewal”).

2. Position and Duties; Exclusive Employment; Principal Location; No Conflicts.

(a) Position and Duties. During the Employment Term, the Executive shall serve as Vice President, Accounting of the Company. The Executive, in carrying out his/her duties under this Agreement, shall report solely and directly to the Chief Financial Officer (“CFO”). The Executive shall have such duties, authority, and responsibility, commensurate with the Executive’s position, as shall be assigned and determined from time to time by the CFO, including serving as a director or officer of current and any future parent, subsidiaries, and affiliates, (the Company and its current and any future parent, subsidiaries, and affiliates are collectively referred to herein as the “Company Group”), without additional compensation or benefits other than as set forth in this Agreement. Upon termination of the Employment Term for any reason Executive will resign from any position then held with the Company Group.

(b) Exclusive Employment. The Executive agrees to devote substantially all of the Executive’s business time and attention to the performance of the Executive’s duties hereunder and in furtherance of the business of the Company Group. The Executive shall (i) perform the Executive’s duties and responsibilities hereunder honestly, in good faith, to the best of the Executive’s abilities, in a diligent manner, and in accordance with the Company Group’s policies and applicable law, provided that if this Agreement conflicts with such policies, this Agreement will control, (ii) use the Executive’s reasonable best efforts to promote the success of the Company Group, and (iii) not be or become an officer, director, manager, employee, advisor, or consultant

of any business other than that of the Company Group, unless the Executive receives advance written approval from the CFO. Notwithstanding the foregoing, the Executive may manage the Executive's personal investments and, on a non-compensated basis and with prior notice to the CFO, engage in civic and not-for-profit activities, as long as such activities do not materially interfere with the Executive's performance of the Executive's duties to the Company Group or the commitments made by the Executive in this Section 2(b).

(c) Principal Location; Travel. During the Employment Term, the Executive shall perform the duties and responsibilities required by this Agreement at such location as agreed upon by the Executive and the CFO, and will be required to travel to other locations, including internationally, as may be necessary to fulfill the Executive's duties and responsibilities hereunder.

(d) No Conflict. The Executive represents and warrants to the Company that the Executive has the capacity to enter into this Agreement, and that the execution, delivery, and performance of this Agreement by the Executive will not violate any agreement, undertaking, or covenant to which the Executive is a party or is otherwise bound, including any obligations with respect to non-competition, non-solicitation, or non-disclosure of proprietary or confidential information of any other person or entity.

### 3. Compensation; Benefits.

(a) Base Salary. During the Employment Term, the Company shall pay to the Executive an annualized base salary in the gross amount of Two Hundred and Twenty-Five Thousand and 00/100 Dollars (\$225,000.00) (the "Base Salary"), which shall be payable in regular installments in accordance with the Company's customary payroll practices and procedures, but in no event less frequently than monthly, and prorated for any partial year worked.

#### (b) Incentive Compensation.

##### (i) Annual Bonus.

(A) Amount. During the Employment Term, the Executive shall be eligible to receive an annual target performance-based bonus opportunity equal to Ninety Thousand and 00/100 Dollars (\$90,000.00). (the "Annual Bonus"), based on the achievement of certain identified target performance goals established for the Executive by the Company.

(B) Timing of Payment. The Annual Bonus shall be paid in accordance with the terms of any plan governing Executive's Annual Bonus then in effect, but in all events during the fiscal year following the end of the fiscal year to which the Annual Bonus relates.

(C) Conditions to Payment. To be eligible to receive such Annual Bonus, the Executive must (I) remain continuously employed with and by the Company (or any member of the Company Group) through the last day of the fiscal year to which the Annual Bonus relates, and (II) be in good standing with the Company (and all members of the Company Group) (i.e., not under any type of performance improvement plan, disciplinary suspension, final warning, or the like) as of the last day of the fiscal year to which the Annual Bonus relates. Unless otherwise provided in this Agreement, if the Executive incurs a termination of employment prior to the last

day of the fiscal year to which the Annual Bonus relates, the Executive shall not be entitled to any Annual Bonus for such fiscal year.

(ii) Annual Equity Awards. For each fiscal year during the Employment Term, the Executive will be eligible for an annual equity award (“Annual Equity Award”) determined under the equity grant policies established by the Compensation Committee, taking into consideration current market practice, affordability, and performance, as well as other factors determined by the Compensation Committee to be relevant, which Annual Equity Award shall be subject to the underlying terms and conditions of the Company’s then current equity incentive plan (“Equity Incentive Plan”). Annual Equity Awards may be in the form of stock options, restricted stock, restricted stock units, performance shares, performance units, or any other equity award that is permitted pursuant to the Equity Incentive Plan.

(c) Benefit Plans. During the Executive’s employment with the Company, the Executive shall be eligible for participation in any and all benefit plans of general application to the executives and/or employees of the Company Group (collectively, the “Benefit Plans”), including by way of example only, retirement arrangements, welfare benefit plans, practices, policies, and programs (including, if applicable, medical, dental, disability, employee life, group life, and accidental death insurance plans and programs), and other employee benefits plans, that are maintained by, contributed to, or participated in by the Company, subject in each instance to the underlying terms and conditions (including plan eligibility provisions) of such plans, practices, policies, and programs; provided that the Executive shall not be entitled to participate in any severance program or policy of the Company Group except as specifically set forth herein.

(d) Expenses. Subject to Section 24 below, during the Executive’s employment with the Company, the Executive shall be entitled to reimbursement of all documented reasonable business expenses incurred by the Executive in accordance with the policies, practices, and procedures of the Company applicable to employees of the Company, as in effect from time to time.

(e) Fringe Benefits. During the Employment Term, the Executive shall be eligible to receive such fringe benefits and perquisites as are provided by the Company, in its sole discretion, to its executives and/or employees from time to time, in accordance with the policies, practices, and procedures of the Company.

(f) Paid Time Off. During the Employment Term, the Executive shall be entitled to paid time off, to use as needed, in accordance with the plans, policies, programs, and practices of the Company applicable to its executives, and, in each case, subject to the prior written consent of the CFO.

(g) Withholding Taxes. All forms of compensation paid or payable to the Executive from the Company or the Company Group, whether under this Agreement or otherwise, are subject to reduction to reflect applicable withholding and payroll taxes pursuant to any applicable law or regulation.

4. Termination. This Agreement and the Executive's employment with the Company may be terminated in accordance with any of the following provisions.

(a) Non-Renewal By Either Party. This Agreement and the Executive's employment with the Company will terminate upon expiration of the Employment Term following Notice of Non-Renewal provided by either Party to the other Party in accordance with Section 1 hereof. Notice of Non-Renewal given by the Company to the Executive shall constitute a termination of this Agreement by the Company without Cause (as contemplated in Section 4(b)). And any Notice of Non-Renewal given by the Executive to the Company shall constitute a termination by the Executive without Good Reason (as contemplated in Section 4(b)). Upon service of a Notice of Non-Renewal, the Company will have the option of requiring the Executive to immediately vacate the Company's premises and cease performing the Executive's duties hereunder. If the Company so elects this option, then the Company will remain obligated to provide the compensation and benefits hereunder to the Executive through the conclusion of the Employment Term, in addition to any payments or benefits due under Section 5.

(b) Termination By the Company Without Cause or By The Executive Without Good Reason. The Company may terminate this Agreement and the Executive's employment with the Company without Cause (as that term is defined in Section 4(c)), and the Executive may terminate this Agreement and the Executive's employment with the Company without Good Reason (as that term is defined in Section 4(d)), by providing written notice to the other Party at least ninety (90) days prior to the effective date of termination (the "Notice Period"). During the Notice Period, the Executive shall continue to perform the duties of the Executive's position and the Company shall continue to compensate the Executive as set forth herein. However, notwithstanding the foregoing, if either Party provides the other Party with notice of termination pursuant to this Section 4(b), the Company will have the option of requiring the Executive to immediately vacate the Company's premises and cease performing the Executive's duties hereunder. If the Company so elects this option, then the Company will be obligated to provide the compensation and benefits hereunder to the Executive for the duration of the Notice Period, in addition to any payments or benefits due under Section 5.

(c) Termination By the Company For Cause. The Company may immediately terminate this Agreement and the Executive's employment with the Company for Cause, which shall be effective upon delivery by the Company of written notice to the Executive of such termination, subject to any cure period as required herein. For purposes of this Agreement, "Cause" shall mean as defined in the sole discretion of the Company and, with respect to the Executive, shall include, but is not limited to, one or more of the following: (i) the conviction of the Executive of the commission of a felony (including pleading guilty or no contest to such crime), whether or not such felony was committed in connection with the business of the Company Group; (ii) the commission of any act or omission that constitutes gross negligence, willful misconduct, misappropriation, embezzlement, material dishonesty, or fraud in connection with the performance of the Executive's duties and responsibilities hereunder; (iii) the willful or negligent failure by the Participant to materially perform his/her duties; or (iv) any material breach of Sections 6 or 7 of this Agreement.

(d) Termination by the Executive for Good Reason. The Executive may terminate this Agreement and the Executive's employment with the Company for Good Reason. "Good Reason" shall mean the occurrence of any of the following events, without the express written

consent of the Executive, unless such events are fully corrected in all material respects by the Company within thirty (30) days following written notification by the Executive to the Company:

- (i) a material diminution in the Executive's duties/responsibilities; or
- (ii) a material breach of this Agreement by the Company.

The Executive shall provide the Company with a written notice detailing the specific circumstances alleged to constitute Good Reason within ninety (90) days after the Executive first knows of the occurrence of such circumstances, and actually terminate employment within sixty (60) days following the expiration of the Company's cure period as set forth above. Otherwise, any claim of such circumstances as "Good Reason" shall be deemed irrevocably waived by the Executive.

(e) Termination as a Result of Death or Disability of the Executive. This Agreement and the Executive's employment with the Company shall terminate automatically upon the date of the Executive's death without notice by or to either Party. This Agreement and the Executive's employment with the Company shall be terminated upon thirty (30) days' written notice by the Company to the Executive that the Company has made a good faith determination that the Executive has a Disability. For purposes of this Agreement, "Disability" means the incapacity or inability of the Executive, whether due to accident, sickness, or otherwise, as confirmed in writing by a medical doctor acceptable to the Executive and the Company, to perform the essential functions of the Executive's position under this Agreement, with or without reasonable accommodation, for an aggregate of 180 days during any twelve (12) month period of the Executive's employment with the Company. Upon written request by the Company, the Executive shall, as soon as practicable, provide the Company with medical documentation and other information sufficient to enable the Company to determine whether the Executive has a Disability.

#### 5. Obligations of the Company Upon Termination.

(a) Termination By the Company Without Cause (Including by Reason of Non-Renewal) or By the Executive For Good Reason. If the Company terminates the Executive's employment and this Agreement without Cause, or the Executive terminates his/her employment and this Agreement for Good Reason:

(i) The Company shall pay the Executive within thirty (30) days after the effective date of termination or by such earlier date if required by applicable law, (A) the aggregate amount of the Executive's earned but unpaid Base Salary then in effect, (B) incurred but unreimbursed documented reasonable reimbursable business expenses through the date of such termination, and (C) any other amounts due under applicable law, in each case earned and owing through the date of termination (the "Accrued Obligations"), and the Executive's rights under the Benefit Plans shall be determined under the provisions of the Benefit Plans (the "Other Benefits").

(ii) In addition to the Accrued Obligations and the Other Benefits, the Company shall pay to the Executive the amount of any Annual Bonus earned, but not yet paid, with respect to the fiscal year prior to the fiscal year in which the date of termination of the Executive's employment with the Company occurs (the "Earned Annual Bonus"), which such payment shall be made to the Executive in accordance with Section 3(b) hereof.

(iii) In addition to the Accrued Obligations, the Other Benefits and the Earned Annual Bonus, subject to (A) Section 5(c) below, (B) the Executive timely signing, delivering, and not revoking the Release (as defined in this Section 5(a)(iii)), and (C) the Executive's compliance with the Executive's post-termination obligations in Sections 6, 7, 9, and 10 hereof following the termination of the Executive's employment with the Company, the Executive shall be entitled to receive the following additional benefits:

1. Severance equal to the sum of: (a) one times the sum of the Base Salary in effect on the date of termination plus the greater of the Target Bonus for the current fiscal year and the actual Annual Bonus paid during the prior fiscal year and (b) a prorated Annual Bonus for the current fiscal year (calculated as the Target Bonus that would have been payable for the entire fiscal year assuming target was met, multiplied by a fraction, the numerator of which is equal to the number of days the Executive worked in the applicable fiscal year, and the denominator of which is equal to the total number of days in such fiscal year) (the "Severance"), which shall be payable in equal installments over a twelve (12) month period in accordance with the Company's regular payroll practices and subject to all customary withholding and deductions.

2. If the Executive timely and properly elects continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), the Company shall pay to the COBRA administrator on the Executive's behalf the full amount of the COBRA premium due for medical, dental, and vision coverage for the Executive and any of the Executive's covered dependents which is equivalent to the coverage the Executive maintained prior to termination of the Executive's employment with the Company (the "COBRA Subsidy") until the earliest of: (i) the twelve (12) month anniversary of the Executive's termination date; and (ii) the date on which the Executive either receives or becomes eligible to receive substantially similar coverage from another employer. The Executive shall bear full responsibility for applying for COBRA continuation coverage, and the Company shall have no obligation to provide the Executive such coverage if the Executive fails to elect COBRA benefits in a timely fashion. Notwithstanding the foregoing, if the Company determines in its sole discretion that it can no longer provide the COBRA Subsidy pursuant to the terms of the Company's welfare plan or underlying insurance policies or without causing the Company to incur additional expense as a result of noncompliance with applicable law, the Company instead will pay Executive a taxable monthly payment in an amount equal to the monthly COBRA premium that Executive would be required to pay to continue the group health coverage in effect on the date of Executive's termination for Executive and Executive's eligible dependents until the earliest of: (i) the twelve (12) month anniversary of the Executive's termination date; and (ii) the date on which the Executive either receives or becomes eligible to receive substantially similar coverage from another employer.

3. All issued and unvested Annual Equity Awards shall immediately vest; provided, however, that any Annual Equity Award that is still subject to performance based vesting at the time of such termination shall only vest when and to the extent the Compensation Committee certifies that the performance goals are actually met.

It shall be a condition to the Executive's right to receive the aforementioned additional benefits that the Executive execute and deliver to the Company an effective general release of claims in a form prescribed by the Company, which form shall include, among other customary terms and conditions, the survival of the Executive's post-termination obligations in Sections 6, 7, 9, and 10



of this Agreement following termination of the Executive's employment with the Company, but shall not include any additional obligations upon the Executive beyond those provided for in, or otherwise inconsistent with, this Agreement (the "Release"), within twenty-one (21) days (or, to the extent required by law, forty-five (45) days) following the date of termination of the Executive's employment with the Company, and that the Executive not revoke such Release during any applicable revocation period (the combined review period and revocation period hereinafter referred to as the "Consideration Period"). Subject to Section 5(c) below, upon timely execution, delivery and non-revocation of the Release by the Executive, the installment payments of the Severance shall begin on the first normal payroll date that is after *the later of* (I) the date on which the Executive delivered to the Company the Release signed by the Executive, or (II) the end of any applicable revocation period (unless a longer period is required by law). Notwithstanding the foregoing, if the earliest payment date determined under the preceding sentence is in one taxable year of the Executive and the latest possible payment date is in a second taxable year of the Executive, the first installment payment of Severance shall be made on the first normal payroll date that immediately follows the last date of the Consideration Period.

**The Executive acknowledges and agrees that if the Executive is found to have breached Sections 6, 7, 9, or 10 of this Agreement, the Executive shall forfeit any unpaid installments of Severance as well as the right to continue receiving the COBRA Subsidy and outplacement services.**

(b) Termination By the Executive Without Good Reason (Including By Reason of Non-Renewal); Termination By the Company For Cause; Termination Due to Death or Disability of the Executive. If the Executive terminates the Executive's employment and this Agreement without Good Reason, the Company terminates the Executive's employment and this Agreement for Cause, or the Executive's employment and this Agreement terminates due to the Executive's death or Disability, then the Company's obligation to compensate the Executive shall in all respects cease as of the date of termination, except that the Company shall provide the Other Benefits and pay to the Executive (or the Executive's estate in the event of death) (i) the Accrued Obligations within thirty (30) days after the effective date of termination (or by such earlier date if required by applicable law), and (ii) the Earned Annual Bonus, if any, in accordance with Section 3(b) hereof.

(c) Termination By the Company Without Cause or By the Executive For Good Reason Within 24 Months Following a Change Control. If the Company terminates the Executive's employment and this Agreement without Cause, or the Executive terminates his/her employment and this Agreement for Good Reason, within twenty-four (24) months following a Change of Control of the Company, then Executive shall receive the payments and grants described in Section 5(a) above, provided, however, that (i) the Severance contemplated in 5(a)(iii)(1) above shall be equal to the sum of (I) one and ½ times the sum of the Base Salary in effect on the date of termination plus the greater of the Target Bonus for the current fiscal year and the actual Annual Bonus paid during the prior fiscal year and (II) a prorated Annual Bonus for the current fiscal year (calculated as the Target Bonus that would have been payable for the entire fiscal year assuming target was met, multiplied by a fraction, the numerator of which is equal to the number of days the Executive worked in the applicable fiscal year, and the denominator of which is equal to the total number of days in such fiscal year), and shall be payable as a lump sum (rather than installments) on the Company's first regular payroll date following the conclusion of the Consideration Period and (ii) the COBRA Subsidy shall be for a period of eighteen (18)

months. For purposes of this Agreement, “Change of Control” of the Company is defined as: (i) the date any “person” (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) is or becomes the “beneficial owner” (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing more than 50% of the total voting power represented by the Company’s then outstanding voting securities; (ii) the date of the consummation of a merger or consolidation of the Company with any other corporation that has been approved by the stockholders of the Company, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation; or (iii) the date of the consummation of the sale or disposition by the Company of all or substantially all the Company’s assets. Notwithstanding the foregoing provisions of this definition, a transaction will not be deemed a Change of Control unless the transaction qualifies as a “change in control event” within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”) and the regulations and guidance promulgated thereunder (collectively “Code Section 409A”).

(d) Exclusive Benefits. Notwithstanding anything to the contrary set forth herein, except as expressly provided in this Section 5, the Executive shall not be entitled to any additional payments or benefits upon or in connection with the Executive’s termination of employment with the Company.

(e) No Mitigation; No Offset. In the event of any termination of the Executive’s employment, the Executive shall be under no obligation to seek other employment and there shall be no offset against amounts due the Executive under this Agreement on account of any compensation attributable to any subsequent employment that the Executive may obtain except as specifically provided in this Section 5.

## 6. Non-Disclosure of Confidential Information.

(a) Confidential Information. The Executive acknowledges that in the course of the Executive’s employment with the Company, the Executive previously was provided with, had access to, accessed, and used Confidential Information (as defined herein) of the Company Group. The Executive further acknowledges that in the course of the Executive’s continuing employment with the Company, the Executive will use, have access to, and develop Confidential Information (as defined herein) of the Company Group. For purposes of this Agreement, “Confidential Information” shall mean and include all information, whether written or oral, tangible or intangible (in any form or format), of a private, secret, proprietary, or confidential nature, of or concerning the Company Group or the business or operations of the Company Group, that (i) is disclosed to the Executive or of which the Executive becomes aware as a consequence of his/her employment with the Company; (ii) has value to the Company Group; and (iii) is not generally known outside of the Company Group. “Confidential Information” shall include, without limitation, the following types of information regarding the Company Group: any trade secrets or other confidential or proprietary information which is not publicly known or generally known in the industry; the identity, background, and preferences of any current, former, or prospective clients, suppliers, vendors, referral sources, and business affiliates; pricing and financial information; current and prospective client, supplier, or vendor lists and leads; proposals with prospective clients, suppliers,

vendors, or business affiliates; contracts with clients, suppliers, vendors, or business affiliates; marketing plans; brand standards guidelines; proprietary computer software and systems; marketing materials and information; information regarding corporate opportunities; operating and business plans and strategies; research and development; policies and manuals; personnel information of employees that is private and confidential; any information related to the compensation of employees, consultants, agents, or representatives of the Company Group; sales and financial reports and forecasts; any information concerning any product, technology, or procedure employed by the Company Group but not generally known to its current or prospective clients, suppliers, vendors, or competitors, or under development by or being tested by the Company Group; any inventions, innovations, or improvements covered by Section 9 hereof; and information concerning planned or pending acquisitions or divestitures. “Confidential Information” also includes any and all data and information relating to or concerning a third party that otherwise meets the definition set forth above, that was provided or made available to the Company Group by such third party, and that the Company Group has a duty or obligation to keep confidential. Notwithstanding any of the foregoing, the term Confidential Information shall not include information which (A) becomes available to the Executive from a source other than the Company Group or from third parties with whom the Company Group is not bound by a duty of confidentiality, or (B) becomes generally available or known in the industry other than as a result of its disclosure by the Executive.

(i) During the course of the Executive’s employment with the Company, the Executive agrees to use the Executive’s reasonable best efforts to maintain the confidentiality of the Confidential Information, including adopting and implementing all reasonable procedures prescribed by the Company Group to prevent unauthorized use of Confidential Information or disclosure of Confidential Information to any unauthorized person.

(ii) Other than as contemplated in Section 6(a)(iii) below, in the event that the Executive becomes legally obligated to disclose any Confidential Information to anyone other than to the Company Group, the Executive will provide the Company with prompt written notice thereof so that the Company may seek a protective order or other appropriate remedy and the Executive will cooperate with and assist the Company in securing such protective order or other remedy. In the event that such protective order is not obtained, or that the Company waives compliance with the provisions of this Section 6(a)(ii) to permit a particular disclosure, the Executive will furnish only that portion of the Confidential Information which the Executive is legally required to disclose.

(iii) Nothing in this Agreement or any other agreement with the Company containing confidentiality provisions shall be construed to prohibit the Executive from: filing a charge with, participating in any investigation or proceeding conducted by, or cooperating with the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Securities and Exchange Commission or any other federal, state, or local government agency charged with enforcement of any law, rule, or regulation (“Government Agencies”); reporting possible violations of any law, rule, or regulation to any Government Agencies; making other disclosures that are protected under whistleblower provisions of any law, rule, or regulation; or receiving an award for information provided to any Government Agencies. The Executive acknowledges that an individual shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (A) is made in confidence to a federal, state, or local government official, either directly or

indirectly, or to an attorney, and made solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. The Executive further acknowledges that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual: (1) files any document containing the trade secret under seal; and (2) does not disclose the trade secret, except pursuant to court order.

(b) Restrictions On Use And Disclosure Of Confidential Information. At all times during the Executive's employment with the Company and after the Executive's employment with Company terminates, regardless of the reason for termination, the Executive agrees: (i) not to use or permit use of any Confidential Information on the Executive's own behalf or on behalf of any person other than the Company Group, and (ii) not to discuss, disclose, transfer, or disseminate any Confidential Information in any manner with or to any person not authorized by the Company to receive such Confidential Information, except as necessary in the performance of the Executive's duties for the Company Group and for the Company Group's benefit.

(c) Return of Confidential Information and Property. Upon termination of the Executive's employment with the Company, notwithstanding the reason or cause of termination, and at any other time upon written request by the Company, the Executive shall promptly return to the Company all originals, copies, or duplicates, in any form or format (whether paper, electronic, or other storage media), of the Confidential Information, as well as any and all equipment, and property of the Company Group (including, but not limited to, cell phones, credit cards, and laptop computers if they have been provided to the Executive). The Executive further agrees that after termination of the Executive's employment with the Company, the Executive shall not retain any copies, notes, or abstracts in any form or format (whether paper, electronic, or other storage media) of the Confidential Information. Any Confidential Information retained in violation of this Agreement remains subject to the restrictions herein, and such restrictions shall survive any termination or expiration of this Agreement.

## 7. Non-Competition; Non-Solicitation.

(a) Non-Competition. The Executive acknowledges the highly competitive nature of Company Group's business and, in consideration of the Executive's employment and continued employment with the Company, access to the Confidential Information, and the payment of the Base Salary and certain benefits by the Company to the Executive pursuant to the terms hereof (which the Executive acknowledges is sufficient to justify the restrictions contained herein), the Executive agrees that during the Executive's employment with the Company and for a period of **two (2) years** from the date of termination of the Executive's employment with the Company for any reason whatsoever (and whether upon notice of the Company or the Executive), the Executive will not engage, directly or indirectly, as a principal, officer, agent, employee, director, member, partner, stockholder (other than via investment in a mutual fund or exchange traded fund, or as the passive holder of less than 2% of the outstanding stock of a publicly-traded corporation), independent contractor, consultant, or advisor, whether with or without compensation or other remuneration, in the Restricted Business (as hereinafter defined) anywhere within the Restricted Area (as hereinafter defined), except on behalf of the Company Group or with the prior written consent of the Company. For purposes of this Agreement, the "Restricted Area" includes any country, state, province, county, or city in which the Company Group (i)

conducts business as of the date of termination of the Executive's employment with the Company or (ii) conducted business within the one-year period prior to the date of termination of the Executive's employment with the Company. For purposes of this Agreement, "Restricted Business" shall mean the business of manufacturing or selling low THC/CBD cannabinoid products for medicinal or recreational purposes, or the business of providing any other products or services provided by the Company Group as of the date that the Executive's employment terminates.

(b) Non-Solicitation of Employees, Consultants, and Independent Contractors. The Executive agrees that during the Executive's employment and for a period of **two (2) years** from the date of termination of the Executive's employment with the Company for any reason whatsoever (and whether upon notice of the Company or the Executive), the Executive shall not, directly or indirectly (in any capacity, on the Executive's own behalf or on behalf of any other person or entity): (i) solicit, request, induce, or encourage any employees, consultants, vendors, suppliers or independent contractors of the Company Group to terminate their employment, to cease to be engaged by the Company Group, and/or to terminate or reduce their business relationship with the Company Group, or (ii) solicit, request, or attempt to recruit any employee, consultant or independent contractor of the Company Group to enter into employment or a consulting or independent contractor engagement with any other company.

(c) Reasonableness of Restrictive Covenants. The Executive agrees and acknowledges that to assure the Company that the Company Group will retain the value of its operations, it is necessary that the Executive abide by the restrictions set forth in this Agreement. The Executive further agrees that the promises made in this Agreement are reasonable and necessary for protection of the Company Group's legitimate business interests including, but not limited to, protection of: the Confidential Information; client good will associated with the specific marketing and trade area in which the Company Group conducts its business; the Company Group's substantial relationships with prospective and existing clients, suppliers, vendors, and referral sources; and a productive and competent and undisrupted workforce. The Executive agrees that the restrictive covenants in this Agreement will not prevent the Executive from earning a livelihood in the Executive's chosen business, they do not impose an undue hardship on the Executive, and that they will not injure the public.

(d) Tolling of Restrictive Period. The time period during which the Executive is to refrain from the activities described in Section 7 of this Agreement will be extended by any length of time during which the Executive is in breach of Section 7 of this Agreement. The Executive acknowledges that the purposes and intended effects of the restrictive covenants would be frustrated by measuring the period of the restriction from the date of termination the Executive's employment where the Executive failed to honor the restrictive covenant until required to do so by court order.

8. Non-Disparagement. The Executive agrees that at all times during and after the Employment Term, the Executive will not make any statements (orally or in writing, including, without limitation, whether in fiction or nonfiction) or take any actions which in any way disparage or defame the Company Group, any of the directors or officers of the Company Group, or the Company Group's operations, financial condition, prospects, products, or services, or in any way, directly or indirectly, cause or encourage the making of such statements, or the taking of such actions by anyone else. Similarly, the Company agrees that at all times during and after the

Employment Term it will not, and, for so long as they remain employed by or associated with the Company Group, any director or officer of the Company Group will not, make any statements (orally or in writing, including, without limitation, whether in fiction or nonfiction) or take any actions which in any way disparage or defame the Executive, or in any way, directly or indirectly, cause or encourage the making of such statements, or the taking of such actions by anyone else. However, nothing in this Agreement shall prohibit the Executive or any director or officer of the Company Group from: exercising protected rights under Section 7 of the National Labor Relations Act; filing a charge with, participating in any investigation or proceeding conducted by, or cooperating with any Government Agencies; testifying truthfully in any forum or before any Government Agencies; reporting possible violations of any law, rule, or regulation to any Government Agencies; or making other disclosures that are protected under whistleblower provisions of any law, rule, or regulation.

#### 9. Intellectual Property.

(a) Work Product Owned By the Company. The Executive agrees that the Company or the applicable member of the Company Group (each individually the “Assigned Party”) is and will be the sole and exclusive owner of all ideas, inventions, discoveries, improvements, designs, plans, methods, works of authorship, deliverables, writings, brochures, manuals, know-how, methods of conducting business, policies, procedures, products, processes, software, or any enhancements, or documentation of or to the same, and any other work product in any form or media that the Executive made or makes, conceives, or reduces to practice, individually or jointly with others, in the course of performing the Executive’s duties for the Assigned Party during any past, current, and future employment with the Assigned Party, that is related or pertaining to or connected with the present or anticipated business, products, or services of the Assigned Party (collectively, “Work Products”).

(b) Intellectual Property. “Intellectual Property” means any and all (i) copyrights and other rights associated with works of authorship; (ii) trade secrets; (iii) patents, patent disclosures, and all rights in inventions (whether patentable or not); (iv) trademarks, trade names, Internet domain names, and registrations and applications for the registration thereof together with all of the goodwill associated therewith; (v) all other intellectual and industrial property rights of every kind and nature throughout the world and however designated, whether arising by operation of law, contract, license, or otherwise; and (vi) all registrations, applications, renewals, extensions, continuations, divisions, or reissues thereof now or hereafter in effect.

(c) Assignment. The Executive acknowledges the Executive’s work and services provided for the Assigned Party and all results and proceeds thereof, including, the Work Products, are works done under the Company Group’s direction and control and have been specially ordered or commissioned by the Company Group. To the extent the Work Products are copyrightable subject matter, they shall constitute “works made for hire” for the Company Group within the meaning of the Copyright Act of 1976, as amended, and shall be the exclusive property of the Assigned Party. Should any Work Product be held by a court of competent jurisdiction to not be a “work made for hire,” and for any other rights, the Executive hereby assigns and transfers to the Assigned Party, to the fullest extent permitted by applicable law, all right, title, and interest in and to the Work Products, including but not limited to all Intellectual Property pertaining thereto, and in and to all works based upon, derived from, or incorporating such Work Products, and in and to all income, royalties, damages, claims, and payments now or hereafter due or payable with respect

thereto, and in and to all causes of action, either in law or in equity, for past, present, or future infringement. The Executive hereby waives and further agrees not to assert the Executive's rights known in various jurisdictions as moral rights and grants the Company Group the right to make changes, as the Company Group deems necessary, in the Work Products.

(d) License of Intellectual Property Not Assigned. Notwithstanding the above, should the Executive be deemed to own or have any Intellectual Property that is used, embodied, or reflected in the Work Products, the Executive hereby grants to the Company Group, its successors and assigns, the non-exclusive, irrevocable, perpetual, worldwide, fully-paid, and royalty-free license, with rights to sublicense through multiple levels of sublicenses, to use, reproduce, publish, create derivative works of, market, advertise, distribute, sell, publicly perform, and publicly display and otherwise exploit by all means now known or later developed the Work Products and Intellectual Property.

(e) Maintenance; Disclosure; Execution; Attorney-In-Fact. The Executive will, at the request and cost of the Assigned Party, sign, execute, make, and do all such deeds, documents, acts, and things as the Assigned Party and their duly authorized agents may reasonably require to apply for, obtain, and vest in the name of the Assigned Party alone (unless the Assigned Party otherwise directs) letters patent, copyrights, or other analogous protection in any country throughout the world and when so obtained or vested to renew and restore the same. In the event the Assigned Party is unable, after reasonable effort, to secure the Executive's signature on any letters patent, copyright, or other analogous protection relating to a Work Product, whether because of the Executive's physical or mental incapacity or for any other reason whatsoever, the Executive hereby irrevocably designates and appoints the Assigned Party and their duly authorized officers and agents as the Executive's agent and attorney-in-fact (which designation and appointment shall be (i) deemed coupled with an interest and (ii) irrevocable, and shall survive the Executive's death or incapacity), to act for and in the Executive's behalf and stead to execute and file any such application or applications and to do all other lawfully permitted acts to further the prosecution and issuance of letters patent, copyright, or other analogous protection thereon with the same legal force and effect as if executed by the Executive.

(f) The Executive's Representations Regarding Work Products. The Executive represents and warrants that, to the Executive's knowledge, all Work Products that the Executive makes, conceives, or reduces to practice, individually or jointly with others, in the course of performing the Executive's duties for Assigned Party under this Agreement are (i) original or an improvement of the Assigned Party's prior Work Products and (ii) do not include, copy, use, or infringe any Intellectual Property rights of a third party.

#### 10. Cooperation.

(a) Disputes/Investigations. The Executive agrees that at all times during the Executive's employment with the Company and at all times thereafter (including following the termination of the Executive's employment for any reason), the Executive will cooperate with all reasonable requests by the Company Group for assistance in connection with any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, involving the Company Group that relates to events or occurrences that transpired while the Executive was employed by the Company, including by providing truthful testimony in person in any such action, suit, or proceeding, and by providing information and meeting and consulting with the Company or its

representatives or counsel, or representatives of or counsel to the Company Group, at mutually convenient times and as reasonably requested; provided, however, that the foregoing shall not apply to any action, suit, or proceeding involving disputes between the Executive and the Company Group arising under this Agreement or any other agreement. The Company shall reimburse the Executive for any reasonable fees and reasonable out-of-pocket expenses incurred in connection with the Executive's performance of obligations pursuant to this Section 10, and such cooperation shall be at reasonable times and upon reasonable advance notice.

11. Indemnification. During and after the Employment Term, the Executive shall be entitled to all rights to indemnification available under the by-laws, certificate of incorporation and any director and officer insurance policies of the Company and any indemnification agreement entered into between the Executive and the Company or any member of the Company Group.

12. Severability; Independent Covenants. If any term or provision of this Agreement shall be determined by a court of competent jurisdiction to be illegal, invalid, or unenforceable for any reason, the remaining provisions of this Agreement shall remain enforceable and the invalid, illegal, or unenforceable provisions shall be modified so as to be valid and enforceable and shall be enforced as modified. If, moreover, any part of this Agreement is for any reason held too excessively broad as to time, duration, geographic scope, activity, or subject, it is the intent of the Parties that this Agreement shall be judicially modified by limiting or reducing it so as to be enforceable to the extent compatible with the applicable law. The existence of any claim or cause of action of the Executive against the Company Group (or against any member, shareholder, director, officer, or employee thereof), whether arising out of the Agreement or otherwise, shall not constitute a defense to: (i) the enforcement by the Company Group of any of the restrictive covenants set forth in this Agreement; or (ii) the Company Group's entitlement to any remedies hereunder. The Executive's obligations under this Agreement are independent of any of the Company Group's obligations to the Executive.

13. Remedies for Breach. The Executive acknowledges and agrees that it would be difficult to measure the damages to the Company Group from any breach or threatened breach by the Executive of this Agreement, including but not limited to Sections 6, 7, 9, and 10 hereof; that injury to the Company Group from any such breach would be irreparable; and that money damages would therefore be an inadequate remedy for any such breach. Accordingly, the Executive agrees that if the Executive breaches or threatens to breach any of the promises contained in this Agreement, the Company Group shall, in addition to all other remedies it may have (including monetary remedies), be entitled to seek an injunction and/or equitable relief, on a temporary or permanent basis, to restrain any such breach or threatened breach without showing or proving any actual damage to the Company Group. Nothing herein shall be construed as a waiver of any right the Company Group may have or hereafter acquire to pursue any other remedies available to it for such breach or threatened breach, including recovery of damages from the Executive.

14. Assignment; Third-Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of any successor or assigns of Company by way of merger, consolidation or sale. The Executive may not assign this Agreement without the written consent of the Company. The Executive agrees that each member of the Company Group is an express third party beneficiary of this Agreement, and this Agreement, including the restrictive covenants and other obligations set forth in Sections 6, 7, 9, and 10 hereof, are for each such member's benefit. The Executive expressly agrees and consents to the enforcement of this Agreement, including but not limited to



the restrictive covenants and other obligations in Sections 6, 7, 9, and 10 hereof, by any member of the Company Group as well as by the Company Group's future affiliates, successors, and/or assigns.

15. Attorneys' Fees and Costs. In any action brought to enforce or otherwise interpret any provision of this Agreement, the prevailing Party shall be entitled to recover reasonable attorneys' fees and costs from the non-prevailing Party to the action or proceeding, including through settlement, judgment, and/or appeal.

16. Governing Law; Arbitration.

(a) Governing Law. This Agreement shall be governed by the laws of the State of Florida, without regard to its choice of law principles, except where federal law applies.

(b) Arbitration. The Parties agree that any dispute, controversy, or claim arising out of or related to this Agreement, to the maximum extent allowed by applicable law, shall be submitted to final and binding arbitration administered by JAMS, Inc. ("JAMS") in accordance with the Federal Arbitration Act and the JAMS Employment Arbitration Rules and Procedures (the "Rules") then in effect, and conducted in Tallahassee, Florida by a single neutral arbitrator selected in accordance with the Rules. The Rules can be found at [www.jamsadr.com/rules-employment-arbitration/](http://www.jamsadr.com/rules-employment-arbitration/). In arbitration, the Parties have the right to be represented by legal counsel; the arbitrator shall permit adequate discovery sufficient to allow the Parties to vindicate their claims and may not limit the Parties' rights to reasonable discovery; the Parties shall have the right to subpoena witnesses, to compel their attendance at hearings, and to cross-examine witnesses; and the arbitrator's decision shall be in writing and shall contain essential findings of fact and conclusions of law on which the award is based. The arbitrator shall have the power to resolve all disputes and award any type of legal or equitable relief, to the extent such relief is available under applicable law. Further, in any such arbitration proceeding, the prevailing Party shall be entitled to an award of that Party's reasonable costs and attorney's fees, unless otherwise prohibited by applicable law. Any award by the arbitrator may be entered as a judgment in any court having jurisdiction in an action to confirm or enforce the arbitration award. Except as necessary to confirm or enforce an award, the Parties agree to keep all arbitration proceedings completely confidential. Notwithstanding the foregoing, either Party may seek preliminary injunctive and/or other equitable relief from a court of competent jurisdiction in support of claims to be prosecuted in arbitration. In the event a dispute, controversy, or claim arising out of or related to this Agreement is found to fall outside of the arbitration provision in this Section 16(b), the Parties agree to submit to the exclusive jurisdiction and venue of the state and federal courts in Leon County, Florida for the resolution of such dispute, controversy, or claim.

17. Mutual Waiver of Jury Trial in Court Proceedings. EACH PARTY HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO DEMAND A TRIAL BY JURY FOR ANY CAUSE OF ACTION, CLAIM, RIGHT, ACTION, PROCEEDING, OR COUNTERCLAIM ARISING OUT OF OR IN ANY WAY RELATED TO THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES. THIS WAIVER EXTENDS TO ANY AND ALL RIGHTS TO DEMAND A TRIAL BY JURY ARISING FROM ANY SOURCE, INCLUDING, BUT NOT LIMITED TO, THE CONSTITUTION OF THE UNITED STATES, THE CONSTITUTION OF ANY STATE, COMMON LAW OR ANY APPLICABLE STATUTE OR

REGULATION. EACH PARTY HEREBY ACKNOWLEDGES THAT IT IS KNOWINGLY AND VOLUNTARILY WAIVING THE RIGHT TO DEMAND TRIAL BY JURY.

18. Waiver. No waiver of any breach or other rights under this Agreement shall be deemed a waiver unless the acknowledgment of the waiver is in writing executed by the Party committing the waiver. No waiver shall be deemed to be a waiver of any subsequent breach or rights. All rights are cumulative under this Agreement. The failure or delay of the Company at any time or times to require performance of, or to exercise any of its powers, rights, or remedies with respect to any term or provision of this Agreement or any other aspect of the Executive's conduct or employment in no manner (except as otherwise expressly provided herein) shall affect the Company's right at a later time to enforce any such term or provision.

19. Survival. The Executive's post-termination rights and obligations and the Company Group's post-termination rights and obligations under Sections 4 through 26 of this Agreement shall survive the termination of this Agreement and the termination of the Executive's employment with the Company regardless of the reason for termination; shall continue in full force and effect in accordance with their terms; and shall continue to be binding on the Parties.

20. Independent Advice. The Executive acknowledges that the Company has provided the Executive with a reasonable opportunity to obtain independent legal advice with respect to this Agreement, and that either: (a) the Executive has had such independent legal advice prior to executing this Agreement; or (b) the Executive has willingly chosen not to obtain such advice and to execute this Agreement without having obtained such advice.

21. Entire Agreement. This Agreement constitutes the entire understanding of the Parties relating to the subject matter hereof and supersedes all prior agreements, understandings, arrangements, promises, and commitments, whether written or oral, express or implied, relating to the subject matter hereof, and all such prior agreements, understandings, arrangements, promises, and commitments are hereby canceled and terminated.

22. Amendment. This Agreement may not be amended, supplemented, or modified in whole or in part except by an instrument in writing signed by the Party or Parties against whom enforcement of such amendment, supplement, or modification is sought.

23. Notices. Any notice, request, or other document required or permitted to be given under this Agreement shall be in writing and shall be deemed given: (a) upon delivery, if delivered by hand; (b) three (3) days after the date of deposit in the mail, postage prepaid, if mailed by certified U.S. mail; or (c) on the next business day, if sent by prepaid overnight courier service. If not personally delivered by hand, notice shall be sent using the addresses set forth below or to such other address as either Party may designate by written notice to the other:

If to the Executive: at the Executive's most recent address on file with the Company.

If to the Company, to:

**Attn: Chief Legal Officer**  
Trulieve Cannabis Corp.  
3494 Martin Hurst Rd.  
Tallahassee, FL 32312

24. Code Section 409A Compliance. The intent of the Parties is that payments and benefits under this Agreement comply with, or be exempt from, Code Section 409A and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted and administered accordingly. A termination of employment shall not be deemed to have occurred for purposes of any provision of this Agreement providing for the payment of any amounts or benefits upon or following a termination of employment that are considered “nonqualified deferred compensation” under Code Section 409A unless such termination is also a “separation from service” within the meaning of Code Section 409A and, for purposes of any such provision of this Agreement, as it relates to “nonqualified deferred compensation,” references to a “termination,” “termination of employment,” or like terms shall mean “separation from service.” With respect to any reimbursement of expenses of, or any provision of in-kind benefits to, the Executive, as specified under this Agreement, such reimbursement of expenses or provision of in-kind benefits shall be subject to the following conditions: (1) the expenses eligible for reimbursement or the amount of in-kind benefits provided in one taxable year shall not affect the expenses eligible for reimbursement or the amount of in-kind benefits provided in any other taxable year, except for any medical reimbursement arrangement providing for the reimbursement of expenses referred to in Section 105(b) of the Code; (2) the reimbursement of an eligible expense shall be made no later than the end of the year after the year in which such expense was incurred; and (3) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit. For purposes of Code Section 409A, Executive’s right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., “within sixty (60) days following the date of termination”), the actual date of payment within the specified period shall be within the sole discretion of the Company. If Executive is a specified employee within the meaning of Code Section 409A(a)(2)(B)(i) and would receive any payment of “nonqualified deferred compensation,” as a result of the Executive’s separation from service, sooner than six (6) months after Executive’s “separation from service” that, absent the application of this Section 24, would be subject to additional tax imposed pursuant to Code Section 409A as a result of such status as a specified employee, then such payment shall instead be payable on the date that is the earliest of (i) six (6) months after Executive’s “separation from service,” or (ii) Executive’s death.

25. Code Section 280G. In the event that any payments, distributions, benefits, or entitlements of any type payable to Executive (the “Total Payments”) would (i) constitute “parachute payments” within the meaning of Section 280G of the Code (which will not include any portion of payments allocated to the restrictive covenant provisions of Section 7 hereof that are classified as payments of reasonable compensation for purposes of Section 280G of the Code), and (ii) but for this paragraph would be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then the Total Payments shall be either: (a) provided in full, or (b) provided as to such lesser extent as would result in no portion of such Total Payments being subject to the Excise Tax, whichever of the foregoing amounts, taking into account the applicable federal, state, and local income taxes and the Excise Tax, results in Executive’s receipt on an after-tax basis of the greatest amount of the Total Payments, notwithstanding that all or some portion of the Total Payments may be subject to the Excise Tax. Unless the Company and Executive otherwise agree in writing, any determination required under this Section 25 shall be made in writing in good faith based on the advice of a nationally recognized accounting firm selected by the Company (with approval of Executive) (the “Accountants”). In the event of a reduction of benefits hereunder, benefits shall be reduced by first reducing or eliminating the portion of the Total Payments that are

payable in cash under Section 5 and then by reducing or eliminating any amounts that are payable with respect to long-term incentives including any equity-based or equity-related awards (whether payable in cash or in kind). For purposes of making the calculations required by this Section 25, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Code, and other applicable legal authority. The Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably require to make a determination under this Section 25, and the Company shall bear the cost of all fees the Accountants charge in connection with any calculations contemplated by this Section 25.

26. Counterparts; Electronic Transmission; Headings. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, including an electronic copy or facsimile, but all of which taken together shall constitute one and the same instrument. The headings used herein are for ease of reference only and shall not define or limit the provisions hereof.

*[Remainder of this page intentionally left blank; signatures follow.]*

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

**COMPANY**

**TRULIEVE CANNABIS CORP.**

By: /s/ Alex D'Amico

Name: Alex D'Amico

Title: CFO

**EXECUTIVE**

By: /s/ Joy Malivuk

Name: Joy Malivuk

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**FIRST AMENDMENT TO LOAN AGREEMENT**

**VALLEY NATIONAL BANK, AS AGENT**

AND

**THE LENDERS NAMED HEREIN,  
AS LENDERS,**

AND

**TRULIEVE CAPPS HIGHWAY LLC  
(the "Borrower")**

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Certain identified information has been excluded from this exhibit because it is not material and is the type of information that the Registrant customarily and actually treats as private and confidential. Redacted information is indicated by [\*\*\*].

## **FIRST AMENDMENT TO LOAN AGREEMENT**

This First Amendment (“**Amendment**”) to Loan Agreement dated as of the 9th day of May, 2023 and effective as of December 21, 2022 between **TRULIEVE CAPPS HIGHWAY LLC**, a Florida limited liability company (“**Borrower**”), having a mailing address of 3494 Martin Hurst Road, Tallahassee, Florida 32312, and **VALLEY NATIONAL BANK, (“VNB”)** a national banking organization, having an office at 1455 Valley Road, Wayne, New Jersey 07470, as administrative agent (including any of its successors and assigns, “**Agent**”) for VNB, individually as a Lender, and the other lenders hereto (collectively, together with such other co-lenders as may exist from time to time, “**Lenders**”).

### WITNESSETH THAT:

WHEREAS, Borrower, Agent and Lenders duly executed and exchanged a Loan Agreement on the Closing Date, as hereinafter defined (the “**Loan Agreement**”);

WHEREAS Borrower, Agent and Lenders entered into a Loan in the aggregate amount of \$71,500,000 on the Closing Date;

WHEREAS capitalized terms used herein without definition shall have the respective meaning ascribed to such terms in the Loan Agreement, as the same may be amended hereby;

WHEREAS, Borrower, Agent and the Lenders have agreed to modify the Loan Agreement and, in furtherance thereof, Borrower, Agent, and the Lenders will be executing this Amendment and other documents and instruments in connection herewith.

NOW THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Modifications to Agreement. The following referenced sections, exhibits or terms of the Loan Agreement are inserted as hereinafter indicated:

(a) **Definitions**. The following additional definitions are hereby inserted into Section 11(f) of the Loan Agreement, as new definitions, as set forth below:

“(xix) “**Closing Date**” shall mean December 21, 2022, which is the date of the closing and funding of the Loan.

“(xx) “**Commitment Fee**” shall mean the non-refundable commitment fee of \$500,000 which is deemed earned and payable by Borrower to the Lenders on the Closing Date, and which the Lenders acknowledge and that such Commitment Fee was paid by the Borrower

and received by the Lenders on the Closing Date in accordance with the Commitment Fee Distribution.

(xxi) “**Commitment Fee Distribution**” shall mean the distribution of portions of the Commitment Fee among and between the Lenders on the Closing Date in the following amounts: VNB - \$[\*\*\*], FFB - \$[\*\*\*] and Cogent - \$[\*\*\*]. VNB and FFB agreed that FFB shall receive at the Closing a portion of the Commitment Fee equal to \$[\*\*\*], which was the product of FFB’s loan participation amount of \$[\*\*\*] (the “**FFB Loan Participation Amount**”) multiplied by [\*\*\*] basis points ([\*\*\*]%). VNB and Cogent agreed that Cogent shall receive a portion of the Commitment Fee equal to \$[\*\*\*], which was the product of Cogent’s loan participation amount of \$[\*\*\*] (the “**Cogent Loan Participation Amount**”) multiplied by [\*\*\*] basis points ([\*\*\*]%). VNB acknowledges and agrees that VNB received a payment of its portion of the Commitment Fee from Borrower in the amount of \$[\*\*\*] on the Closing Date. Cogent and FFB each acknowledge and agree that FFB and Cogent, respectively, received the payment of its portion of the Commitment Fee in accordance with the Commitment Fee Distribution on the Closing Date.

“(xxii) “**Servicing Fee**” shall mean a monthly fee in the amount of ten basis points (0.10%) for VNB’s administrative services in servicing the Loan on behalf of the Lenders, which fee shall be deducted from the Margin (as defined below) portion of monthly interest paid by the Borrower (the “**Servicing Fee**”). The Interest Rate during the term of the Loan is (a) one-month Term SOFR plus (b) 300 basis points (3.00%) (the “**Margin**”). Borrower makes monthly payments due and payable on each payment date to VNB in the full amount of the Interest Rate. VNB, however, makes a payment to each of Cogent and FFB based on the following formula: one month SOFR plus 290 basis points (2.90%) (the “**Adjusted Margin**”). Accordingly, after VNB receives the total monthly payment due and payable by Borrower on each Payment Date, VNB will calculate the Interest Rate payable to each of FFB and Cogent based on one-month Term SOFR plus the Adjusted Margin and pay each of FFB and Cogent their portion of the total interest due on the Loan based on their participation amount. The Borrower’s fees and interest are unaffected by the payment of the Servicing Fee as the monthly interest payment remains the same. The only change is the distribution of the amount of the interest payment between the Lenders. FFB and Cogent acknowledge and agree that each of them paid its portion of the Servicing Fee to VNB on the Closing Date.”

Section 2. Further Assurances. Borrower, FFB and Cogent shall, to the extent applicable, duly execute and deliver to Agent such documents and instruments as Agent may reasonably require in order to evidence or effectuate the modifications and amendments set forth in this Agreement.

Section 3. Agreements, Representations, etc. Borrower hereby:

(a) Agrees and acknowledges that, except as set forth in this Amendment, the Loan Agreement remains unmodified.

(b) Agrees and acknowledges that the Loan Agreement, as modified by this Amendment, is in full force and effect, and constitutes a valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms.



(c) Represents and warrants that all representations and warranties of Borrower set forth in the Loan Agreement, as modified by this Amendment, are true and correct in all material respects as of the date hereof and shall have the same force and effect as if made on and as of the date hereof.

(d) Represents and warrants that, as of the date hereof, there are no claims, defenses, offsets or counterclaims with respect to any of its obligations under the Loan Agreement, and to the extent any such claims, defenses, offsets or counterclaims have arisen, they are hereby waived.

(e) Represents and warrants that no Default or Event of Default has occurred and is continuing under the Loan Agreement.

(f) Represents and warrants that it has the power and requisite authority to execute and deliver this Amendment and perform its obligations under the Loan Agreement, as modified hereby, and has taken all action necessary to authorize it to execute and deliver this Amendment and perform its obligations under the Loan Agreement, as modified hereby.

(g) Represents and warrants that neither the execution and delivery of this Amendment, nor consummation of any of the transactions herein contemplated nor compliance with the terms and provisions of the Loan Agreement, as modified hereby, will contravene any provision of law, statute, rule or regulation to which it is subject, or any judgment, decree, license, order or permit applicable to it, or will conflict with or be inconsistent with, or will result in a breach of any of the terms or the covenants, conditions or provisions of, or constitute a default under, the terms of any indenture, mortgage, deed of trust, agreement or other instrument to which it may be bound, or to which it may be subject, or violate any provision of its organizational documents.

(h) Represents and warrants that no consent, approval, authorization or order of any court or Governmental Authority or any third party is required in connection with its respective execution and delivery of this Agreement or to consummate the transactions contemplated by the Loan Agreement, as modified hereby, other than those obtained on or prior to the date hereof.

Section 4. Agreements, Representations, etc. Lenders hereby:

(a) Agree and acknowledge that, except as set forth in this Amendment, the Loan Agreement remains unmodified.

(b) Agree and acknowledge that the Loan Agreement, as modified by this Amendment, is in full force and effect, and constitutes a valid and binding obligation of each Lender, enforceable against each Lender in accordance with its terms.

(c) Represent and warrant that each Lender has the power and requisite authority to execute and deliver this Amendment and perform its obligations under the Loan Agreement, as modified hereby, and has taken all action necessary to authorize it to

execute and deliver this Amendment and perform its obligations under the Loan Agreement, as modified hereby.

(d) Represent and warrant that no consent, approval, authorization or order of any court or Governmental Authority or any third party is required in connection with its respective execution and delivery of this Amendment or to consummate the transactions contemplated by the Loan Agreement, as modified hereby, other than those obtained on or prior to the date hereof.

Section 5. Governing Law. This Agreement shall be governed by, and construed in accordance with, the substantive laws of the State of Florida.

Section 6. Headings. The captions, headings and arrangements used in this Amendment are for convenience only and do not in any way affect, limit, amplify or modify the terms and provisions hereof.

Section 7. Severability. No determination by any court or governmental body that any provision of this Amendment or any amendment hereof is invalid or unenforceable in any instance will affect the validity or enforceability of (a) any other provision hereof, or (b) such provision in any circumstance not controlled by such determination. Each such provision will be valid and enforceable to the fullest extent allowed by and will be construed wherever possible as being consistent with, applicable law.

Section 8. Counterparts. This Amendment may be executed in any number counterparts, with the same effect as if all of the parties had signed the same document. All counterparts shall be construed together and constitute one agreement.

Signatures follow on Next Page

**IN WITNESS WHEREOF**, Borrower, Agent and Lenders have executed or caused this Amendment to be executed on the date first above written.

**BORROWER:**

**TRULIEVE CAPPS HIGHWAY LLC**

By:     /s/ Eric Powers      
Name: Eric Powers  
Secretary

Title:

**AGENT:**

**VALLEY NATIONAL BANK**

By:     /s/ John Meyer      
Name: John Meyer  
Title: Senior Vice President

**LENDER:**

**VALLEY NATIONAL BANK**

By:     /s/ John Meyer      
Name: John Meyer  
Title: Senior Vice President

**FIRST FEDERAL BANK**

By:     /s/ Robert Turbeville      
Name: Robert Turbeville  
Title: Chief Lending Officer

**COGENT BANK**

By:     /s/ Arturo E. Rios      
Name: Arturo E. Rios  
Title: Senior Vice President

[Additional Signatures on Next Page



As Agreed to the First Amendment

**LEASE GUARANTOR:**

TRULIEVE CANNABIS CORP., a British Columbia, Canadian corporation

By:     /s/ Eric Powers      
Name: Eric Powers  
Title: Secretary

**GUARANTOR:**

TRULIEVE HOLDINGS, INC., a Delaware corporation

By:     /s/ Eric Powers      
Name: Eric Powers  
Title: Secretary

TRULIEVE, INC., a Florida corporation

By:     /s/ Eric Powers      
Name: Eric Powers  
Title: Secretary

[Acknowledgement for Borrower only follows]

STATE OF FLORIDA)
) ss.:
COUNTY OF LEON )

The foregoing instrument was acknowledged before me by means of [x] physical presence or [ ] online notarization, this 8th day of May, 2023, by Eric Powers, as Secretary of **TRULIEVE CAPPS HIGHWAY LLC**, a Florida limited liability company, on behalf of said limited liability company. He is personally known to me or provided \_\_\_\_\_ as identification.

/s/ Samantha A. Zadikow
Notary Public, State of Florida

My Commission Expires: December 26, 2025

(NOTARY SEAL)

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**SECOND AMENDMENT TO LOAN AGREEMENT**

**VALLEY NATIONAL BANK, AS AGENT**

AND

**THE LENDERS NAMED HEREIN,  
AS LENDERS,**

AND

**TRULIEVE CAPPS HIGHWAY LLC  
(the "Borrower")**

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## SECOND AMENDMENT TO LOAN AGREEMENT

This Second Amendment (“**Amendment**”) to Loan Agreement dated as of the 9th day of May, 2023 between **TRULIEVE CAPPS HIGHWAY LLC**, a Florida limited liability company (“**Borrower**”), having a mailing address of 3494 Martin Hurst Road, Tallahassee, Florida 32312, and **VALLEY NATIONAL BANK**, (“**VNB**”) a national banking organization, having an office at 1455 Valley Road, Wayne, New Jersey 07470, as administrative agent (including any of its successors and assigns, “**Agent**”) for VNB, individually as a Lender, and the other lenders hereto (collectively, together with such other co-lenders as may exist from time to time, “**Lenders**”).

### WITNESSETH THAT:

WHEREAS, Borrower, Agent and Lenders duly executed and exchanged a Loan Agreement on the Closing Date, as hereinafter defined (the “**Loan Agreement**”);

WHEREAS Borrower, Agent and Lenders entered into a Loan in the aggregate amount of \$71,500,000 on the Closing Date;

WHEREAS capitalized terms used herein without definition shall have the respective meaning ascribed to such terms in the Loan Agreement, as the same may be amended hereby;

WHEREAS, Borrower, agent and Lenders entered into a First Amendment to the Loan Agreement that was effective as of December 22, 2022;

WHEREAS, Borrower, Agent and the Lenders have agreed to modify the Loan Agreement and, in furtherance thereof, Borrower, Agent, and the Lenders will be executing this Amendment and other documents and instruments in connection herewith.

NOW THEREFORE, in consideration of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Modifications to Agreement. The following referenced sections, exhibits or terms of the Loan Agreement are modified as indicated below:

The Definition of DSCR in **Section 3** is deleted and the following definition is inserted in lieu thereof:

“DSCR” means, for each Testing Period, the quotient obtained by dividing (a) the sum of Net Income, Depreciation, Amortization, Interest Expense, plus, to the extent determined by the Lender in its sole discretion, other non-cash expenses and Extraordinary non-recurring expenses by (b) (i) CPLTD not including Balloon Maturities for the Testing Period, (ii) the current portion of Capital Leases plus (iii) Interest Expense.



The following definition for “Balloon Maturities” is added to Section 3 of the Loan Agreement:

“Balloon Maturities” shall mean (i) any loan or credit facility, other than the Loan, on which Borrower is obligated to pay as a borrower; and (ii) the maturity date of such loan or credit facility occurs prior to the Maturity Date of the Loan and requires Borrower to pay an amount that is greater than the previous recurring payments due thereunder.”

Section 2. Further Assurances. Borrower, FFB and Cogent shall, to the extent applicable, duly execute and deliver to Agent such documents and instruments as Agent may reasonably require in order to evidence or effectuate the modifications and amendments set forth in this Agreement.

Section 3. Agreements, Representations, etc. Borrower hereby:

(a) Agrees and acknowledges that, except as set forth in this Amendment, the Loan Agreement remains unmodified.

(b) Agrees and acknowledges that the Loan Agreement, as modified by this Amendment, is in full force and effect, and constitutes a valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms.

(c) Represents and warrants that all representations and warranties of Borrower set forth in the Loan Agreement, as modified by this Amendment, are true and correct in all material respects as of the date hereof and shall have the same force and effect as if made on and as of the date hereof.

(d) Represents and warrants that, as of the date hereof, there are no claims, defenses, offsets or counterclaims with respect to any of its obligations under the Loan Agreement, and to the extent any such claims, defenses, offsets or counterclaims have arisen, they are hereby waived.

(e) Represents and warrants that no Default or Event of Default has occurred and is continuing under the Loan Agreement.

(f) Represents and warrants that it has the power and requisite authority to execute and deliver this Amendment and perform its obligations under the Loan Agreement, as modified hereby, and has taken all action necessary to authorize it to execute and deliver this Amendment and perform its obligations under the Loan Agreement, as modified hereby.

(g) Represents and warrants that neither the execution and delivery of this Amendment, nor consummation of any of the transactions herein contemplated nor compliance with the terms and provisions of the Loan Agreement, as modified hereby, will contravene any provision of law, statute, rule or regulation to which it is subject, or any judgment, decree, license, order or permit applicable to it, or will conflict with or be inconsistent with, or will result in a breach of any of the terms or the covenants, conditions or provisions of, or constitute a default under, the terms of any indenture, mortgage, deed

of trust, agreement or other instrument to which it may be bound, or to which it may be subject, or violate any provision of its organizational documents.

(h) Represents and warrants that no consent, approval, authorization or order of any court or Governmental Authority or any third party is required in connection with its respective execution and delivery of this Agreement or to consummate the transactions contemplated by the Loan Agreement, as modified hereby, other than those obtained on or prior to the date hereof.

Section 4. Agreements, Representations, etc. Lenders hereby:

(a) Agree and acknowledge that, except as set forth in this Amendment, the Loan Agreement remains unmodified.

(b) Agree and acknowledge that the Loan Agreement, as modified by this Amendment, is in full force and effect, and constitutes a valid and binding obligation of each Lender, enforceable against each Lender in accordance with its terms.

(c) Represent and warrant that each Lender has the power and requisite authority to execute and deliver this Amendment and perform its obligations under the Loan Agreement, as modified hereby, and has taken all action necessary to authorize it to execute and deliver this Amendment and perform its obligations under the Loan Agreement, as modified hereby.

(d) Represent and warrant that no consent, approval, authorization or order of any court or Governmental Authority or any third party is required in connection with its respective execution and delivery of this Amendment or to consummate the transactions contemplated by the Loan Agreement, as modified hereby, other than those obtained on or prior to the date hereof.

Section 5. Governing Law. This Agreement shall be governed by, and construed in accordance with, the substantive laws of the State of Florida.

Section 6. Headings. The captions, headings and arrangements used in this Amendment are for convenience only and do not in any way affect, limit, amplify or modify the terms and provisions hereof.

Section 7. Severability. No determination by any court or governmental body that any provision of this Amendment or any amendment hereof is invalid or unenforceable in any instance will affect the validity or enforceability of (a) any other provision hereof, or (b) such provision in any circumstance not controlled by such determination. Each such provision will be valid and enforceable to the fullest extent allowed by and will be construed wherever possible as being consistent with, applicable law.

Section 8. Counterparts. This Amendment may be executed in any number counterparts, with the same effect as if all of the parties had signed the same document. All counterparts shall be construed together and constitute one agreement.

Signatures follow on Next Page

**IN WITNESS WHEREOF**, Borrower, Agent and Lenders have executed or caused this Amendment to be executed on the date first above written.

**BORROWER:**

**TRULIEVE CAPPS HIGHWAY LLC**

By:     /s/ Eric Powers      
Name: Eric Powers  
Secretary

Title:

**AGENT:**

**VALLEY NATIONAL BANK**

By:     /s/ John Meyer      
Name: John Meyer  
Title: Senior Vice President

**LENDER:**

**VALLEY NATIONAL BANK**

By:     /s/ John Meyer      
Name: John Meyer  
Title: Senior Vice President

**FIRST FEDERAL BANK**

By:     /s/ Robert Turbeville      
Name: Robert Turbeville  
Title: Chief Lending Officer

**COGENT BANK**

By:     /s/ Arturo E. Rios      
Name: Arturo E. Rios  
Title: Senior Vice President

[Additional Signatures on Next Page



As Agreed to the Second Amendment  
and Reaffirms the Guaranties

**LEASE GUARANTOR:**

TRULIEVE CANNABIS CORP., a British  
Columbia, Canadian corporation

By:     /s/ Eric Powers      
Name: Eric Powers  
Title: Secretary

**GUARANTOR:**

TRULIEVE HOLDINGS, INC., a Delaware  
corporation

By:     /s/ Eric Powers      
Name: Eric Powers  
Title: Secretary

TRULIEVE, INC., a Florida corporation

By:     /s/ Eric Powers      
Name: Eric Powers  
Title: Secretary

[Acknowledgement for Borrower only follows]

STATE OF FLORIDA)

) ss.:

COUNTY OF LEON )

The foregoing instrument was acknowledged before me by means of  physical presence or  online notarization, this 8th day of May, 2023, by Eric Powers, as Secretary of **TRULIEVE CAPPS HIGHWAY LLC**, a Florida limited liability company, on behalf of said limited liability company. He is personally known to me or provided \_\_\_\_\_ as identification.

/s/ Samantha A. Zadikow  
Notary Public, State of Florida

My Commission Expires: December 26, 2025

(NOTARY SEAL)

**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kim Rivers certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Trulieve Cannabis Corp.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2023

By: \_\_\_\_\_ /s/ Kim Rivers

**Kim Rivers**  
**Chief Executive Officer**  
**(Principal Executive Officer)**



**CERTIFICATION PURSUANT TO  
RULES 13a-14(a) AND 15d-14(a) UNDER THE SECURITIES EXCHANGE ACT OF 1934,  
AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Alex D'Amico, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Trulieve Cannabis Corp.
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2023

By: \_\_\_\_\_ /s/ Alex D'Amico

**Alex D'Amico**  
**Chief Financial Officer**  
**(Principal Financial Officer)**

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Each of the undersigned officers of Trulieve Cannabis Corp. (the “Company”) certifies, to her or his knowledge and solely for the purposes of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2023 complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 10, 2023

By: */s/ Kim Rivers*  
**Kim Rivers**  
**Chief Executive Officer**  
**(Principal Executive Officer)**

Date: May 10, 2023

By: */s/ Alex D’Amico*  
**Alex D’Amico**  
**Chief Financial Officer**  
**(Principal Financial Officer)**