

**THESE FINANCIAL STATEMENTS FOR TRULIEVE CANNABIS CORP.  
ARE ALSO INCLUDED IN THE FORM 10-Q FOR THE  
QUARTER ENDED SEPTEMBER 30, 2024  
FILED ON SEDAR ON NOVEMBER 5, 2024 IN ITS ENTIRETY**

## 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 developments 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, 2023. 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)*

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 237,666	\$ 201,372
Short-term investments	80,179	—
Restricted cash	907	6,607
Accounts receivable, net	9,031	6,703
Inventories	220,916	213,120
Income tax receivable	5,844	—
Prepaid expenses	19,154	17,620
Other current assets	26,620	23,735
Notes receivable - current portion, net	1,770	6,233
Assets associated with discontinued operations	924	1,958
<b>Total current assets</b>	<b>603,011</b>	<b>477,348</b>
Property and equipment, net	701,613	676,352
Right of use assets - operating, net	116,083	95,910
Right of use assets - finance, net	65,550	58,537
Intangible assets, net	873,317	917,191
Goodwill	483,905	483,905
Notes receivable, net	5,773	7,423
Other assets	23,011	10,379
Long-term assets associated with discontinued operations	1,980	2,010
<b>TOTAL ASSETS</b>	<b>\$ 2,874,243</b>	<b>\$ 2,729,055</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 96,051	\$ 83,162
Deferred revenue	6,663	1,335
Notes payable - current portion	3,342	3,759
Operating lease liabilities - current portion	11,614	10,068
Finance lease liabilities - current portion	9,132	7,637
Construction finance liabilities - current portion	1,801	1,466
Contingencies	4,635	4,433
Liabilities associated with discontinued operations	3,455	2,989
<b>Total current liabilities</b>	<b>136,693</b>	<b>114,849</b>
Long-Term Liabilities:		
Private placement notes, net	364,419	363,215
Notes payable, net	112,757	115,855
Operating lease liabilities	113,402	92,235
Finance lease liabilities	68,384	61,676
Construction finance liabilities	135,856	136,659
Deferred tax liabilities	204,242	206,964

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
Uncertain tax position liabilities	384,130	180,350
Other long-term liabilities	6,511	7,086
Long-term liabilities associated with discontinued operations	39,386	41,553
<b>TOTAL LIABILITIES</b>	<b>\$ 1,565,780</b>	<b>\$ 1,320,442</b>
Commitments and contingencies (see Note 3)		
<b>MEZZANINE EQUITY</b>		
Redeemable non-controlling interest	\$ 7,119	\$ —
<b>SHAREHOLDERS' EQUITY</b>		
Common stock, no par value; unlimited shares authorized. 189,154,228 and 186,235,818 shares issued and outstanding as of September 30, 2024 and December 31, 2023, respectively.	\$ —	\$ —
Additional paid-in-capital	2,047,963	2,055,112
Accumulated deficit	(735,959)	(640,639)
Non-controlling interest	(10,660)	(5,860)
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>1,301,344</b>	<b>1,408,613</b>
<b>TOTAL LIABILITIES, MEZZANINE EQUITY, AND SHAREHOLDERS' EQUITY</b>	<b>\$ 2,874,243</b>	<b>\$ 2,729,055</b>

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

**TRULIEVE CANNABIS CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**

*(in thousands, except for share data)*

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue	\$ 284,284	\$ 275,210	\$ 885,345	\$ 842,219
Cost of goods sold	111,006	132,264	356,617	407,444
Gross profit	173,278	142,946	528,728	434,775
Expenses:				
Sales and marketing	66,727	59,398	191,016	181,206
General and administrative	81,897	34,455	161,500	108,668
Depreciation and amortization	28,332	26,958	84,163	82,624
Impairment and disposal of long-lived assets, net of (recoveries)	(4,296)	(1,209)	(4,423)	5,480
Impairment of goodwill	—	—	—	307,590
Total expenses	172,660	119,602	432,256	685,568
Income (loss) from operations	618	23,344	96,472	(250,793)
Other income (expense):				
Interest expense, net	(17,459)	(20,834)	(47,577)	(60,925)
Interest income	4,202	1,927	11,499	4,323
Gain on debt extinguishment	—	8,161	—	8,161
Other (expense) income, net	(198)	1,126	(4,778)	5,875
Total other expense, net	(13,455)	(9,620)	(40,856)	(42,566)
(Loss) income before provision for income taxes	(12,837)	13,724	55,616	(293,359)
Provision for income taxes	47,383	36,640	150,018	105,933
Net loss from continuing operations	(60,220)	(22,916)	(94,402)	(399,292)
Net loss from discontinued operations, net of tax benefit (provision) of zero, \$5, zero, and \$(625), respectively	(1,636)	(2,927)	(4,613)	(99,054)
Net loss	(61,856)	(25,843)	(99,015)	(498,346)
Less: net loss attributable to non-controlling interest from continuing operations	(1,384)	(451)	(2,779)	(3,788)
Less: net loss attributable to redeemable non-controlling interest from continuing operations	(259)	—	(916)	—
Less: net loss attributable to non-controlling interest from discontinued operations	—	—	—	(1,193)
Net loss attributable to common shareholders	\$ (60,213)	\$ (25,392)	\$ (95,320)	\$ (493,365)
<b>Earnings Per Share (see numerator reconciliation below)</b>				
Net loss per share - Continuing operations:				
Basic and diluted	\$ (0.32)	\$ (0.12)	\$ (0.52)	\$ (2.09)
Net loss per share - Discontinued operations:				
Basic and diluted	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.52)
Weighted average number of common shares used in computing net loss per share:				
Basic and diluted	190,190,923	188,924,694	190,004,261	188,959,454

**TRULIEVE CANNABIS CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)**  
*(in thousands, except for share data)*

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
<b>EPS Numerator Reconciliation (see Note 5)</b>				
Net loss attributable to common shareholders (from above)	\$ (60,213)	\$ (25,392)	\$ (95,320)	\$ (493,365)
Net loss from discontinued operations, net of tax, attributable to common shareholders	1,636	2,927	4,613	97,861
Adjustment of redeemable non-controlling interest to maximum redemption value	(2,065)	—	(9,010)	—
Net loss from continuing operations available to common shareholders	<u>\$ (60,642)</u>	<u>\$ (22,465)</u>	<u>\$ (99,717)</u>	<u>\$ (395,504)</u>

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 for share data)*

	Three Months Ended						
	Multiple Voting Shares	Subordinate Voting Shares	Total Common Shares	Additional Paid-in- Capital	Accumulated Deficit	Non- Controlling Interest	Total Shareholders' Equity
<b>Balance, June 30, 2024</b>	23,226,386	164,098,272	187,324,658	\$ 2,056,072	\$ (675,746)	\$ (9,276)	\$ 1,371,050
Share-based compensation	—	—	—	5,469	—	—	5,469
Subordinate Voting Shares issued under share compensation plans (see Note 3)	—	2,904,079	2,904,079	—	—	—	—
Tax withholding related to net share settlements of equity awards (see Note 3)	—	(1,074,509)	(1,074,509)	(12,164)	—	—	(12,164)
Adjustment of redeemable non-controlling interest to maximum redemption value (see Note 3)	—	—	—	(2,065)	—	—	(2,065)
Consolidated VIE settlement transaction	—	—	—	651	—	—	651
Net loss	—	—	—	—	(60,213)	(1,384)	(61,597)
<b>Balance, September 30, 2024</b>	<u>23,226,386</u>	<u>165,927,842</u>	<u>189,154,228</u>	<u>\$ 2,047,963</u>	<u>\$ (735,959)</u>	<u>\$ (10,660)</u>	<u>\$ 1,301,344</u>
<b>Balance, June 30, 2023</b>	26,226,386	159,761,126	185,987,512	\$ 2,047,879	\$ (581,816)	\$ (4,050)	\$ 1,462,013
Share-based compensation	—	—	—	4,539	—	—	4,539
Net loss	—	—	—	—	(25,392)	(451)	(25,843)
<b>Balance, September 30, 2023</b>	<u>26,226,386</u>	<u>159,761,126</u>	<u>185,987,512</u>	<u>\$ 2,052,418</u>	<u>\$ (607,208)</u>	<u>\$ (4,501)</u>	<u>\$ 1,440,709</u>

**TRULIEVE CANNABIS CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**  
*(in thousands, except for share data)*

	Nine Months Ended						
	Multiple Voting Shares	Subordinate Voting Shares	Total Common Shares	Additional Paid-in- Capital	Accumulated Deficit	Non- Controlling Interest	Total Shareholders' Equity
<b>Balance, December 31, 2023</b>	26,226,386	160,009,432	186,235,818	\$ 2,055,112	\$ (640,639)	\$ (5,860)	\$ 1,408,613
Share-based compensation	—	—	—	15,579	—	—	15,579
Subordinate Voting Shares issued under share compensation plans (see Note 3)	—	3,030,218	3,030,218	210	—	—	210
Tax withholding related to net share settlements of equity awards (see Note 3)	—	(1,086,738)	(1,086,738)	(12,258)	—	—	(12,258)
Distributions to subsidiary non-controlling interest	—	—	—	—	—	(1,081)	(1,081)
Conversion of Multiple Voting to Subordinate Voting Shares	(3,000,000)	3,000,000	—	—	—	—	—
Redeemable non-controlling interest mezzanine equity (see Note 3)	—	—	—	—	—	1,504	1,504
Adjustment of redeemable non-controlling interest to maximum redemption value (see Note 3)	—	—	—	(9,010)	—	—	(9,010)
Subordinate Voting Shares issued pursuant to redemption of non-controlling interest (see Note 3)	—	974,930	974,930	2,471	—	—	2,471
Consolidated VIE settlement transaction	—	—	—	(4,141)	—	(2,444)	(6,585)
Net loss	—	—	—	—	(95,320)	(2,779)	(98,099)
<b>Balance, September 30, 2024</b>	<u>23,226,386</u>	<u>165,927,842</u>	<u>189,154,228</u>	<u>\$ 2,047,963</u>	<u>\$ (735,959)</u>	<u>\$ (10,660)</u>	<u>\$ 1,301,344</u>
<b>Balance, December 31, 2022</b>	26,226,386	159,761,126	185,987,512	\$ 2,045,003	\$ (113,843)	\$ (3,456)	\$ 1,927,704
Share-based compensation	—	—	—	7,415	—	—	7,415
Termination of purchase of variable interest entity	—	—	—	(1,643)	—	—	(1,643)
Deconsolidation and divestment of variable interest entities	—	—	—	—	—	3,986	3,986
Distributions to subsidiary non-controlling interest	—	—	—	—	—	(50)	(50)
Value of shares earned for purchase of variable interest entity	—	—	—	1,643	—	—	1,643
Net loss	—	—	—	—	(493,365)	(4,981)	(498,346)
<b>Balance, September 30, 2023</b>	<u>26,226,386</u>	<u>159,761,126</u>	<u>185,987,512</u>	<u>\$ 2,052,418</u>	<u>\$ (607,208)</u>	<u>\$ (4,501)</u>	<u>\$ 1,440,709</u>



**TRULIEVE CANNABIS CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)**  
*(in thousands, except for share data)*

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)

	Nine Months Ended September 30,	
	2024	2023
<b>Cash flows from operating activities</b>		
Net loss	\$ (99,015)	\$ (498,346)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	84,163	83,618
Depreciation included in cost of goods sold	40,098	45,397
Gain on debt extinguishment	—	(8,161)
Impairment and disposal of long-lived assets, net of (recoveries)	(4,423)	5,480
Impairment of goodwill	—	307,590
Amortization of operating lease right of use assets	8,339	7,794
Share-based compensation	15,579	7,415
Allowance for credit losses	4,910	866
Deferred income taxes	(2,676)	(18,696)
Loss from disposal of discontinued operations	—	69,840
Other non-cash changes	898	5,031
Changes in operating assets and liabilities:		
Inventories	(8,281)	66,527
Accounts receivable	(712)	(1,856)
Prepaid expenses and other current assets	(856)	9,286
Other assets	(6,101)	2,047
Accounts payable and accrued liabilities	4,632	4,519
Income tax receivable / payable	(4,337)	(49,869)
Other liabilities	202	(14,392)
Operating lease liabilities	(5,959)	(6,933)
Deferred revenue	5,327	(6,005)
Uncertain tax position liabilities	203,780	61,837
Other long-term liabilities	(662)	(2,612)
Proceeds received from insurance for operating expenses	5,903	—
<b>Net cash provided by operating activities</b>	<b>240,809</b>	<b>70,377</b>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(79,036)	(30,998)
Capitalized interest	(866)	114
Purchases of internal use software	(18,287)	(7,741)
Purchases of short-term investments	(80,000)	—
Cash paid for licenses	(7,000)	(3,971)
Payment for initial direct costs on finance leases	(647)	—
Proceeds from disposal activities	1,003	11,723
Proceeds from notes receivable repayments	872	565
Proceeds received from insurance recoveries on property and equipment	527	—
<b>Net cash used in investing activities</b>	<b>(183,434)</b>	<b>(30,308)</b>
<b>Cash flows from financing activities</b>		
Payments for taxes related to net share settlement of equity awards	(12,258)	—
Payments on finance lease obligations	(5,513)	(5,720)

**TRULIEVE CANNABIS CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)** *(Continued)*  
*(in thousands)*

	<b>Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>
Payments on notes payable	(3,839)	(5,521)
Payments on construction finance liabilities	(2,524)	(1,285)
Payments and costs related to consolidated VIE settlement transaction	(5,077)	—
Distributions to subsidiary non-controlling interest	(1,081)	(50)
Payments on private placement notes	—	(47,595)
Payments for debt issuance costs	—	(428)
Proceeds from non-controlling interest holders' subscription	3,000	—
Proceeds from equity exercises	210	—
<b>Net cash used in financing activities</b>	<b>(27,082)</b>	<b>(60,599)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>30,293</b>	<b>(20,530)</b>
<b>Cash, cash equivalents, and restricted cash, beginning of period</b>	<b>207,979</b>	<b>213,792</b>
Cash and cash equivalents of discontinued operations, beginning of period	301	5,702
Less: cash and cash equivalents of discontinued operations, end of period	—	(94)
<b>Cash, cash equivalents, and restricted cash, end of period</b>	<b>\$ 238,573</b>	<b>\$ 198,870</b>

**Supplemental disclosure of cash flow information**

**Cash paid during the period for**

Interest	\$ 41,608	\$ 52,036
Income taxes paid, net of (refunds)	(46,748)	113,187

**Noncash investing and financing activities**

ASC 842 lease additions - operating and finance leases	\$ 42,881	\$ 12,019
Purchases of property and equipment in accounts payable and accrued liabilities	10,462	4,284
Reclassification of assets to held for sale	7,044	18,396
Adjustment of redeemable non-controlling interest to maximum redemption value	9,010	—
Noncash partial extinguishment of construction finance liability	—	18,486

The condensed consolidated statements of cash flows include continuing operations and discontinued operations for the periods presented.

	<b>September 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>Beginning of period:</b>		
Cash and cash equivalents <sup>(1)</sup>	\$ 201,372	\$ 207,185
Restricted cash	6,607	6,607
Cash, cash equivalents and restricted cash	<b>\$ 207,979</b>	<b>\$ 213,792</b>
<b>End of period:</b>		
Cash and cash equivalents <sup>(2)</sup>	\$ 237,666	\$ 192,159
Restricted cash	907	6,711
Cash, cash equivalents and restricted cash	<b>\$ 238,573</b>	<b>\$ 198,870</b>

<sup>(1)</sup> Excludes cash associated with discontinued operations totaling \$0.3 million and \$5.7 million as of December 31, 2023 and 2022, respectively.

<sup>(2)</sup> Excludes cash associated with discontinued operations totaling zero and \$0.1 million as of September 30, 2024 and 2023, respectively.

**TRULIEVE CANNABIS CORP.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)** *(Continued)*  
*(in thousands)*

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

**TRULIEVE CANNABIS CORP.**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying unaudited condensed consolidated financial statements of Trulieve Cannabis Corp., ("Trulieve," the "Company," "we," "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 for a fair statement of the Company's financial position as of September 30, 2024, and the results of its operations and cash flows for the periods ended September 30, 2024 and 2023. The results of the Company's operations for the three and nine months ended September 30, 2024 are not necessarily indicative of the results to be expected for the full 2024 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, 2023, filed with the Securities and Exchange Commission ("SEC") on February 29, 2024 (the "2023 Form 10-K").

*Discontinued Operations*

In June 2023, the Company exited operations in Massachusetts and in July 2022, the Company exited operations in Nevada. Both actions represented a strategic shift in business; therefore, the related assets and liabilities associated with the discontinued operations are classified as discontinued operations on the condensed consolidated balance sheets and the results of the discontinued operations have been presented as discontinued operations within the condensed consolidated statements of operations for all periods presented. Unless specifically noted otherwise, footnote disclosures only reflect the results of continuing operations.

*Basis of Measurement*

These condensed consolidated financial statements have been prepared on the going concern basis, under the historical cost convention, except for certain financial instruments that are measured at fair value as described herein.

*Functional Currency*

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

*Reclassifications*

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

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

The Company's significant accounting policies are described in the Company's 2023 Annual Report on Form 10-K, filed with the SEC on February 29, 2024. Our management has reviewed these significant accounting policies and related disclosures and determined that there were no significant changes to our significant accounting policies during the nine month period ended September 30, 2024, except for the following:

*Cash, Cash Equivalents, and Short-Term Investments*

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

Investments not considered cash equivalents and with maturities of one year or less are classified as short-term investments. Short-term investments consist of certificates of deposit with original maturity dates greater than three months and less than twelve months. The classification is determined at the time of purchase. The short-term investments are classified as held-to-maturity and recorded at amortized cost. If the cost of an individual investment exceeds its fair value, the Company evaluates, among other factors, general market conditions, the duration and extent to which the fair value is less than cost, and the Company's intent and ability to hold the investment. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded and a new cost basis in the investment is established.

### NOTE 3. SUPPLEMENTARY FINANCIAL INFORMATION

#### Inventories

Inventories are comprised of the following as of:

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
	<i>(in thousands)</i>	
Raw materials		
Cannabis plants	\$ 21,182	\$ 21,429
Packaging and supplies	31,461	36,472
Total raw materials	52,643	57,901
Work in process	119,542	104,428
Finished goods - unmedicated	5,947	6,516
Finished goods - medicated	42,784	44,275
Total inventories	<u>\$ 220,916</u>	<u>\$ 213,120</u>

#### Notes Receivable

As of September 30, 2024 and December 31, 2023, the allowance for credit losses on notes receivable was \$5.7 million and zero, respectively. The provision for credit losses is recorded to other (expense) income, net on the condensed consolidated statements of operations and was \$0.5 million and \$5.7 million for the three and nine months ended September 30, 2024, respectively.

### Held for Sale Assets

Held for sale assets primarily consist of property and equipment and are recorded in other current assets on the condensed consolidated balance sheets. The following table shows the activity of the Company's assets held for sale during the nine months ended September 30, 2024:

	<b>Held for sale assets</b>
	<i>(in thousands)</i>
Balance, beginning of period	\$ 15,580
Assets moved to held for sale	7,044
Impairments	(1,207)
Assets sold	(775)
Balance, end of period	<u>\$ 20,642</u>

The Company recorded a \$1.2 million loss on the impairment and disposal of held for sale assets during the nine months ended September 30, 2024, which was recorded to impairment and disposal of long-lived assets, net of recoveries, on the condensed consolidated statements of operations.

### Deferred Revenue

Deferred revenue primarily consists of the liability related to the Company's customer rewards program, which was \$6.2 million and \$0.8 million as of September 30, 2024 and December 31, 2023, respectively.

### Leases

Future minimum lease payments under the Company's non-cancellable operating and finance leases as of September 30, 2024 are as follows:

	<b>Operating Leases</b>	<b>Finance Leases</b>	<b>Total Leases</b>
<b>Year</b>	<i>(in thousands)</i>		
Remainder of 2024	\$ 5,320	\$ 3,769	\$ 9,089
2025	24,209	15,945	40,154
2026	23,809	15,595	39,404
2027	23,370	14,950	38,320
2028	22,720	13,675	36,395
Thereafter	92,173	44,805	136,978
Total	<u>\$ 191,601</u>	<u>\$ 108,739</u>	<u>\$ 300,340</u>

## Fair Value Measurements

The fair values of financial instruments measured on a recurring basis by class are as follows:

	September 30, 2024				December 31, 2023			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	<i>(in thousands)</i>							
Financial Assets <sup>(1)</sup> :								
Money market funds <sup>(2)</sup>	\$210,303	\$ —	\$ —	\$210,303	\$145,995	\$ —	\$ —	\$145,995
Certificates of deposit <sup>(3)</sup>	—	80,179	—	80,179	—	—	—	—
<b>Total financial assets</b>	<b>\$210,303</b>	<b>\$ 80,179</b>	<b>\$ —</b>	<b>\$290,482</b>	<b>\$145,995</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$145,995</b>
Financial Liabilities:								
Interest rate swap <sup>(4)</sup>	\$ —	\$ 2,533	\$ —	\$ 2,533	\$ —	\$ 2,341	\$ —	\$ 2,341

- (1) There were no transfers between hierarchy levels during the periods ending September 30, 2024 or December 31, 2023.
- (2) Money market funds are included within cash and cash equivalents on the Company's condensed consolidated balance sheets. Interest income from money market funds was \$3.0 million and \$1.6 million for the three months ended September 30, 2024 and 2023, respectively, and was \$9.6 million and \$3.4 million for the nine months ended September 30, 2024 and 2023, respectively.
- (3) The Company's certificates of deposit are included within short-term investments on the Company's condensed consolidated balance sheets and are classified as held-to-maturity securities as the Company intends to hold until their maturity dates. The certificates of deposit carry interest rates of 5.3% with original maturity dates ranging from five to six months and are scheduled to mature in December 2024 and January 2025. They are valued using Level 2 inputs based on industry standard data and due to their short maturities, their amortized cost approximates fair value. Interest income from certificates of deposit was \$0.9 million for the three and nine months ended September 30, 2024.
- (4) The fair value of the interest rate swap liability is recorded in other long-term liabilities on the condensed consolidated balance sheets.



*Nonrecurring Fair Value Measurements*

In addition to assets and liabilities that are recorded at fair value on a recurring basis, the Company's assets and liabilities are subject to nonrecurring fair value measurements. If events or indicators occur that require an impairment assessment, impairment charges may be recorded to reduce the assets to fair value. The Company recorded impairment charges totaling \$1.2 million related to assets moved to held for sale during the nine months ended September 30, 2024. The impairment charges were recorded to impairment and disposal of long-lived assets, net of recoveries on the condensed consolidated statements of operations and were derived from the difference between the carrying value and the estimated fair value of the relevant asset, minus estimated selling costs. The fair value was estimated using an income capitalization approach with estimates and assumptions regarding the asset's future cash flows and return on investment (Level 3).

**Redeemable Non-Controlling Interest**

One of the Company's consolidated variable interest entities ("VIE") is party to a shareholder agreement which provides certain of the non-controlling interest holders with optional redemption rights where they may put their shares in the consolidated subsidiary to the Company in exchange for a fixed number of Company shares. The non-controlling interest is redeemable at the option of the shareholder and is therefore recorded in temporary or "mezzanine" equity on the condensed consolidated balance sheets in accordance with ASC Topic 480-10-S99. Certain put holders are required to pay a subscription fee prior to their put right becoming exercisable.

During the first quarter of 2024, certain redeemable non-controlling interest holders executed their put rights following the payment of their subscription amount to the consolidated subsidiary, resulting in the issuance of 974,930 of Company Shares. This redemption resulted in an increase in the Company's ownership interest to 65% from 46%.

At September 30, 2024, the currently redeemable non-controlling interest could be settled with the issuance of 649,954 shares with a redemption value totaling \$7.9 million.

The following table presents the components of the change in redeemable non-controlling interest for the periods presented:

	<b>September 30, 2024</b>	
	<b>Three Months Ended</b>	<b>Nine Months Ended</b>
	<i>(in thousands)</i>	
Balance, beginning of period	\$ 5,313	\$ —
Reclassification to mezzanine equity	—	(1,504)
Redemption	—	529
Adjustment to maximum redemption value	2,065	9,010
Allocation of net loss	(259)	(916)
Balance, end of period	<u>\$ 7,119</u>	<u>\$ 7,119</u>

## Shared Based Compensation

### Stock Options

The following table summarizes the Company's stock option activity for the nine months ended September 30, 2024:

	<b>Number of options</b>
Outstanding options, beginning of period	4,197,058
Granted <sup>(1)</sup>	992,166
Exercised	(81,839)
Forfeited	(335,620)
Outstanding options, end of period	<u>4,771,765</u>
Vested and exercisable options, end of period	<u>3,284,248</u>

<sup>(1)</sup> The weighted average exercise price for stock options granted was \$10.00.

### Restricted Stock Units

The following table summarizes the Company's restricted stock unit ("RSU") activity for the nine months ended September 30, 2024:

	<b>Number of restricted stock units</b>
Unvested balance, beginning of period	2,686,216
Granted <sup>(1)</sup>	2,194,918
Vested	(93,665)
Forfeited	(144,823)
Unvested balance, end of period	<u>4,642,646</u>

<sup>(1)</sup> The weighted average grant date fair value of RSUs granted was \$10.00.

In September 2021, the Board of Directors approved a grant of 2,904,079 RSUs for two executive officers as a replacement for canceled warrants. The RSUs immediately vested at grant, but were not contractually issuable until three years after the vesting date. In September 2024, the three-year contractual obligation was met and the holders elected to net settle their tax obligations, resulting in the issuance of 1,829,570 shares of common stock and a \$12.2 million payment for taxes.

## Revenue Disaggregation

Revenue is comprised of the following for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	<i>(in thousands)</i>			
Retail	\$ 269,237	\$ 263,165	\$ 843,544	\$ 809,899
Wholesale	14,585	11,553	40,434	30,460
Licensing and Other	462	492	1,367	1,860
Total Revenue	<u>\$ 284,284</u>	<u>\$ 275,210</u>	<u>\$ 885,345</u>	<u>\$ 842,219</u>

## Commitments and Contingencies

### 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. As of September 30, 2024, 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. 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.

### Contingencies

The Company records contingent liabilities which primarily consists of litigation on various claims in which it believes a loss is probable and can be estimated. As of September 30, 2024 and December 31, 2023, \$4.6 million and \$4.2 million, respectively, was included in contingent liabilities on the condensed consolidated balance sheets related to pending litigation.

## NOTE 4. FINANCING ARRANGEMENTS

### Private Placement Notes

Private placement notes payable consisted of the following:

	September 30, 2024	December 31, 2023	Stated Interest Rate	Effective Interest Rate	Maturity Date
	<i>(in thousands)</i>				
2026 Notes - Tranche One	\$ 293,000	\$ 293,000	8.00%	8.52%	10/6/2026
2026 Notes - Tranche Two	75,000	75,000	8.00%	8.43%	10/6/2026
Total private placement notes	<u>368,000</u>	<u>368,000</u>			
Less: unamortized debt discount and issuance costs	(3,581)	(4,785)			
Less: current portion of private placement notes	—	—			
Private placement notes, net	<u>\$ 364,419</u>	<u>\$ 363,215</u>			

## Notes Payable

Notes payable consisted of the following:

	September 30, 2024	December 31, 2023	Stated Interest Rate	Effective Interest Rate	Maturity Date
<i>(in thousands)</i>					
<b>Mortgage Notes Payable</b> <sup>(1)</sup>					
Notes dated December 21, 2022	\$ 68,833	\$ 70,046	7.53%	7.87%	1/1/2028
Notes dated December 22, 2023	24,605	25,000	8.31%	8.48%	12/23/2028
Notes dated December 22, 2022	18,131	18,470	7.30%	7.38%	12/22/2032
Notes dated October 1, 2021	5,308	5,645	8.14%	8.29%	10/1/2027
Total mortgage notes payable	<u>116,877</u>	<u>119,161</u>			
<b>Promissory Notes Payable</b>					
Notes acquired in Harvest Acquisition in October 2021 <sup>(2)</sup>	1,037	1,707	(2)	(2)	(2)
Notes of consolidated variable-interest entity dated February 1, 2022	—	885			
Total promissory notes payable	<u>1,037</u>	<u>2,592</u>			
<b>Total notes payable</b> <sup>(3)</sup>	<u>117,914</u>	<u>121,753</u>			
Less: unamortized debt discount and issuance costs	(1,815)	(2,139)			
Less: current portion of notes payable	(3,342)	(3,759)			
<b>Notes payable, net</b>	<u>\$ 112,757</u>	<u>\$ 115,855</u>			

(1) Mortgage notes payable are secured by assets underlying the mortgages.

(2) Interest rates range from 0.00% to 7.50%, with a weighted average interest rate of 7.34% as of September 30, 2024. Maturity dates range from April 27, 2026 to October 24, 2026.

(3) Notes payable are subordinated to the private placement notes.

## Construction Finance Liabilities

Total construction finance liabilities were \$137.7 million and \$138.1 million as of September 30, 2024 and December 31, 2023, respectively. The contractual terms range from 10.0 years to 25.0 years with a weighted average remaining lease term of 16.1 years.

**Maturities**

Stated maturities of the principal portion of private placement and notes payable outstanding and future minimum lease payments for the construction finance liabilities, including interest, as of September 30, 2024 are as follows:

<b>Year</b>	<b>Private Placement Notes</b>	<b>Notes Payable</b>	<b>Construction Finance Liabilities</b>	<b>Total Maturities</b>
	<i>(in thousands)</i>			
Remainder of 2024	\$ —	\$ 797	\$ 4,303	\$ 5,100
2025	—	3,446	17,521	20,967
2026	368,000	4,655	18,013	390,668
2027	—	70,034	18,519	88,553
2028	—	23,199	19,039	42,238
Thereafter	—	15,783	283,384	299,167
Total	<u>\$ 368,000</u>	<u>\$ 117,914</u>	<u>\$ 360,779</u>	<u>\$ 846,693</u>

**NOTE 5. EARNINGS PER SHARE**

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>Numerator</b>	<i>(in thousands, except for share data)</i>			
<b>Continuing operations</b>				
Net loss from continuing operations	\$ (60,220)	\$ (22,916)	\$ (94,402)	\$ (399,292)
Less: net loss attributable to non-controlling interest	(1,384)	(451)	(2,779)	(3,788)
Less: net loss attributable to redeemable non-controlling interest from continuing operations	(259)	—	(916)	—
Less: adjustment of redeemable non-controlling interest to maximum redemption value	2,065	—	9,010	—
Net loss from continuing operations available to common shareholders.	<u>\$ (60,642)</u>	<u>\$ (22,465)</u>	<u>\$ (99,717)</u>	<u>\$ (395,504)</u>
<b>Discontinued operations</b>				
Net loss from discontinued operations, net of tax	\$ (1,636)	\$ (2,927)	\$ (4,613)	\$ (99,054)
Less: net loss attributable to non-controlling interest	—	—	—	(1,193)
Net loss from discontinued operations, net of tax, attributable to common shareholders	<u>\$ (1,636)</u>	<u>\$ (2,927)</u>	<u>\$ (4,613)</u>	<u>\$ (97,861)</u>
<b>Denominator</b>				
Weighted average number of common shares outstanding - Basic and diluted <sup>(1)</sup>	190,190,923	188,924,694	190,004,261	188,959,454
<b>Loss per Share - Continuing operations</b>				
Basic and diluted loss per share	\$ (0.32)	\$ (0.12)	\$ (0.52)	\$ (2.09)
<b>Loss per Share - Discontinued operations</b>				
Basic and diluted loss per share	\$ (0.01)	\$ (0.02)	\$ (0.02)	\$ (0.52)

<sup>(1)</sup> Potentially dilutive securities representing 10.6 million shares of common stock were excluded from the computation of diluted earnings per share for the three and nine months ended September 30, 2024 and 7.8 million shares of common stock were excluded from the computation of diluted earnings per share for the three and nine months ended September 30, 2023.

As of September 30, 2024, 189.2 million shares were issued and outstanding, which excluded 0.1 million fully vested RSUs that are not contractually issuable until the earlier of a defined triggering event or the award anniversary date, either December 1, 2030 or December 1, 2031.

**NOTE 6. INCOME TAXES**

The following table summarizes the Company's income tax expense and effective tax rate for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
	<i>(in thousands)</i>			
(Loss) income before provision for income taxes	\$(12,837)	\$13,724	\$55,616	\$(293,359)
Provision for income taxes	\$47,383	\$36,640	\$150,018	\$105,933
Effective tax rate	(369%)	267%	270%	(36%)

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 recognizes benefits from uncertain tax positions based on the cumulative probability method whereby the largest benefit with a cumulative probability of greater than 50% is recorded. An uncertain tax position is not recognized if it has less than a 50% likelihood of being sustained.

A reconciliation of the beginning and ending amount of unrecognized tax benefits:

	September 30, 2024	
	Three Months Ended	Nine Months Ended
	<i>(in thousands)</i>	
Balance, beginning of period	\$ 610,623	\$ 542,762
Reductions based on tax positions related to the prior year	30	(1,613)
Reductions based on refunds requested but not received related to the prior year	4	(46,549)
Additions based on tax positions related to the current year	29,458	93,130
Additions based on refunds received related to prior years	—	52,385
Balance, end of period	\$ 640,115	\$ 640,115

A reconciliation of the beginning and ending amount of uncertain tax position liabilities, net:

	<b>September 30, 2024</b>	
	<b>Three Months Ended</b>	<b>Nine Months Ended</b>
	<i>(in thousands)</i>	
Balance, beginning of period	\$ 333,102	\$ 180,350
Reductions based on tax positions related to the prior year	—	(731)
Additions based on tax positions related to the current year	32,344	106,368
Additions based on refunds received related to prior years	—	52,385
Reclass tax payment on deposit	11,017	28,566
Interest recorded in income tax expense, net of reversals <sup>(1)</sup>	7,667	17,192
Balance, end of period <sup>(2)</sup>	<u>\$ 384,130</u>	<u>\$ 384,130</u>

<sup>(1)</sup> Amounts represent the interest and penalties recorded on uncertain tax positions during the respective years which are recorded in the provision for income taxes on the condensed consolidated statements of operations.

<sup>(2)</sup> Of the \$384.1 million in uncertain tax position liabilities, net, \$352.0 million is related to the Company's tax positions based on legal interpretations that challenge the Company's tax liability under IRC Section 280E.

The Company's uncertain tax position liabilities, net, which includes interest and tax payments on deposit, were approximately \$384.1 million and \$180.4 million as of September 30, 2024 and December 31, 2023, respectively. The \$203.8 million increase in uncertain tax positions is primarily due to receipt of \$52.4 million in refunds in the current year, as well as \$106.4 million current year accruals, each related to tax positions based on legal interpretations that challenge the Company's tax liability under IRC Section 280E.

The Company recorded interest on uncertain tax positions totaling \$7.7 million and \$0.7 million for the three months ended September 30, 2024 and 2023, respectively, and \$17.2 million and \$2.2 million for the nine months ended September 30, 2024 and 2023, respectively, to the provision for income taxes on the condensed consolidated statements of operations, which was primarily related to the tax positions based on legal interpretations that challenge the Company's tax liability under IRC Section 280E and related to a tax position taken related to inventory costs for tax purposes in the Company's Florida dispensaries.

#### **NOTE 7. VARIABLE INTEREST ENTITIES**

The Company has entered into certain agreements in several states with various entities related to the purchase and operation of cannabis dispensary, cultivation, and production licenses, and has determined these to be variable interest entities for which it is the primary beneficiary and/or holds a controlling voting equity position. The Company holds a 0% ownership interest in these entities as of September 30, 2024.



The summarized assets and liabilities of the Company's consolidated VIEs in which the Company does not hold a majority interest are presented in the table below as of the periods presented and include third-party assets and liabilities of the Company's VIEs only and exclude intercompany balances that were eliminated in consolidation.

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
	<i>(in thousands)</i>	
Current assets:		
Cash	\$ 195	\$ 9,491
Accounts receivable, net	71	1,308
Inventories	538	8,341
Prepaid expenses	187	423
Other current assets	—	7
Total current assets	991	19,570
Property and equipment, net	300	28,068
Right of use asset - operating, net	—	2,744
Right of use asset - finance, net	—	259
Intangible assets, net	2,071	17,162
Other assets	167	140
Total assets	<u>\$ 3,529</u>	<u>\$ 67,943</u>
Current liabilities:		
Accounts payable and accrued liabilities	\$ 194	\$ 1,939
Income tax payable	—	2,017
Deferred revenue	—	2
Operating lease liability - current portion	—	63
Finance lease liability - current portion	—	60
Total current liabilities	194	4,081
Notes payable	—	885
Operating lease liability	—	2,926
Finance lease liability	—	210
Deferred tax liabilities	—	3,638
Other long-term liabilities	—	671
Total liabilities	<u>\$ 194</u>	<u>\$ 12,411</u>

### Consolidated VIE Settlement Transaction

During the three months ended June 30, 2024, the Company entered into a settlement agreement with the non-controlling interest holders of consolidated VIEs in Ohio in which the Company acquired the remaining ownership interest in dispensary businesses and agreed to provide funding and operational support for a cultivation and production business with new unrelated third parties.

The Company re-evaluated the VIEs after settlement and concluded that the Company continues to be the primary beneficiary of the cultivation and production business and there are no longer variable interests in the dispensary businesses as the Company increased its ownership to 100%. As a result, the Company accounted for this settlement as an equity transaction in accordance with ASC Topic 810-10.

**NOTE 8. RELATED PARTIES**

In the third quarter of 2023, the Company entered into an agreement to rent an asset from an entity that is directly owned in part by the Company's Chief Executive Officer and Chair of the board of directors. The expense related to the use of this asset was \$0.1 million and \$0.1 million for the three months ended September 30, 2024 and 2023, respectively, and \$0.2 million and \$0.1 million for the nine months ended September 30, 2024 and 2023, respectively.

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

The Company had the following related party operating leases on the condensed consolidated balance sheets, under ASC 842, as of:

	<b>September 30, 2024</b>	<b>December 31, 2023</b>
	<i>(in thousands)</i>	
Right-of-use assets, net	<u>\$ 614</u>	<u>\$ 706</u>
Lease liabilities:		
Lease liabilities - current portion	\$ 138	\$ 127
Lease liabilities	520	624
Total related parties lease liabilities	<u>\$ 658</u>	<u>\$ 751</u>

Lease expense recognized on related party leases was \$0.1 million and \$0.1 million for the three months ended September 30, 2024 and 2023, respectively, and \$0.2 million and \$0.2 million for the nine months ended September 30, 2024 and 2023, respectively.

**NOTE 9. DISCONTINUED OPERATIONS**

The following table summarizes the Company's loss from discontinued operations for the periods presented.

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<i>(in thousands)</i>			
Revenue	\$ —	\$ 2,332	\$ —	\$ 10,679
Cost of goods sold	—	2,812	—	29,843
Gross margin	—	(480)	—	(19,164)
Expenses:				
Operating expenses	731	916	1,866	5,298
Impairment and disposal of long-lived assets, net	—	565	—	69,840
Total expenses	731	1,481	1,866	75,138
Loss from operations	(731)	(1,961)	(1,866)	(94,302)
Other expense:				
Other expense, net	(905)	(971)	(2,747)	(4,127)
Total other expense, net	(905)	(971)	(2,747)	(4,127)
Loss before income taxes	(1,636)	(2,932)	(4,613)	(98,429)
Income tax benefit	—	5	—	(625)
Net loss from discontinued operations, net of tax benefit	(1,636)	(2,927)	(4,613)	(99,054)
Less: net loss attributable to non-controlling interest from discontinued operations	—	—	—	(1,193)
Net loss from discontinued operations excluding non-controlling interest	<u>\$ (1,636)</u>	<u>\$ (2,927)</u>	<u>\$ (4,613)</u>	<u>\$ (97,861)</u>

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 prior year as the activity during the nine months ended September 30, 2024 was nominal.

	<b>Nine Months Ended September 30, 2023</b>
	<i>(in thousands)</i>
Depreciation and amortization	\$ 3,798
Purchases of property and equipment	67
Loss on impairment of long-lived assets	69,840
<b>Other noncash investing and financing activities</b>	
Noncash partial extinguishment of construction finance liability	\$ 18,486

As a result of the Company's exit from the Massachusetts market during the second quarter of 2023, the Company performed a lease term reassessment for the Holyoke failed sale-leaseback financing arrangement due to lease renewals previously included in the lease term being excluded as of the Massachusetts exit. The Company concluded the failed sale-leaseback accounting conclusion is maintained. The Company recognized a gain on partial extinguishment of \$18.5 million as a result of the lease term reassessment, which was recorded to net loss from discontinued operations, net of taxes.

Future minimum lease payments, including interest, for the construction finance liability associated with discontinued operations as of September 30, 2024, are as follows:

<b>Year</b>	<i>(in thousands)</i>
Remainder of 2024	\$ 1,387
2025	5,619
2026	5,788
2027	5,961
2028	6,140
Thereafter	12,287
Total future payments	<u>\$ 37,182</u>

#### **NOTE 10. SUBSEQUENT EVENTS**

The Company's management evaluates subsequent events through the date of issuance of the condensed consolidated financial statements. There have been no subsequent events that occurred during such period that would require adjustment to or disclosure in the condensed consolidated financial statements.