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," "our," or "us") 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, 2024 (our "2024 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 2024 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 2024 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, and the risks discussed in "Item 1A, Risk Factors" of 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 with operations in nine states. Headquartered in Quincy, Florida, we are the largest cannabis retailer in the United States with market leading retail operations in Arizona, Florida, Georgia, Pennsylvania, and West Virginia. We are committed to delivering exceptional customer experiences through elevated service and high-quality branded products. We aim to be the brand of choice for medical and adult-use customers in all of the markets that we serve. The Company operates in highly regulated markets that require expertise in cultivation, manufacturing, and retail. We have developed proficiencies in each of these functional areas and are passionate about expanding access to regulated cannabis products through advocacy, education and expansion of our distribution network.

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 cannabis, or adult-use cannabis, is legal cannabis sold in licensed dispensaries to adults ages 21 and older. Thus far, of the states in which we operate, Arizona, Colorado, Connecticut, Maryland, and Ohio, have already launched programs legalizing the sale of adult-use cannabis products. Trulieve operates its business through its owned subsidiaries which hold licenses in the states in which they operate.

As of March 31, 2025, we operated the following:

State	Number of Dispensaries	Number of Cultivation and Processing Facilities
Florida	161	5
Arizona	22	3
Pennsylvania	21	3
West Virginia	10	1
Georgia	6	1
Ohio	5	—
Maryland	3	1
Connecticut	1	—
Colorado	—	1
Total	229	15

Regional Hub Structure

Trulieve's production, retail, and distribution areas are organized into regional hubs whereby teams and assets are aggregated in order to effectively pair national structure and support with localized operations tailored to each market. Trulieve has established cannabis operations in three hubs: Southeast, Northeast, and Southwest. Each of our three regional hubs are anchored by market leading positions in cornerstone states of Florida, Pennsylvania, and Arizona.

In Florida and Georgia, Trulieve cultivates, processes, and manufactures all cannabis products sold in our dispensaries. In other markets including Arizona, Maryland, Pennsylvania, and West Virginia, we have achieved varying percentages of vertical integration with cultivation and processing operations to support our retail and wholesale businesses. 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. Trulieve employs an in-house quality team as well as testing laboratories in select markets, both of which allow us to more tightly control product quality.

Cultivation and Manufacturing of Cannabis Products

Trulieve produces high quality cannabis flower and uses a variety of processes to transform biomass into products sold through our retail and wholesale distribution network. With a focus on replicable, scalable operations, we have developed design standards, standard operating procedures, and training protocols that are employed across cultivation sites to achieve a high level of consistency and quality. The modular nature of our standard designs enables quick and incremental additions to capacity where appropriate. In Florida, where demand is high enough to support larger scale production, our state-of-the-art 750,000 square foot automated indoor cultivation facility affords us greater flexibility on pricing, promotional cadence, and assortment by enabling production of high potency and high-quality products at lower costs.

We utilize various extraction techniques including supercritical ethanol extraction, carbon dioxide extraction, hydrocarbon extraction, and mechanical separation. We have invested in light hydrocarbon extraction, which typically offers higher yields than other extraction methods and allows for concentrates that preserve the natural ratios of cannabinoids, terpenes, and other target compounds to better replicate the flower experience. Ethanol extraction and carbon dioxide extraction techniques offer different benefits than hydrocarbon extraction and are each used for specific purposes, such as production of oil for use in manufactured goods and targeted extraction of specific compounds. In addition, we employ distillation, purification, and manufacturing technologies to further refine extracts and transform them into a wide variety of finished products.

Distribution of Branded Product through Branded Retail

Distribution of branded products through our branded retail locations is a core driver of our long-term strategy. We have developed and acquired a curated portfolio of our own branded retail products that we cultivate, manufacture and distribute in over 200 Trulieve retail locations. By providing customers with consistent high-quality products and outstanding experiences, we aim to garner a large and loyal customer base across our distribution network.

Trulieve brands include premium tier brands Avenue, Cultivar Collection, and Muse; mid-tier brands Alchemy, Modern Flower, Momenta, and Sweet Talk, and value tier brands Co2lors, and Roll One. Established relationships with brand partners allow for the sale of partner-branded products in select markets and retail locations, providing our customers with access to a greater variety and specialty brands. Brand partnerships include arrangements with Alien Labs, Bellamy Brothers, Binske, Black Buddha, Black Tuna, Blue River, Connected, DeLisioso, Khalifa Kush, Love's Oven, Miami Mango, Moxie, Redemption Cannabis, Seed Junky and Sunshine Cannabis.

In February 2025, we launched a new line of premium THC beverages called Onward. These are Farm bill compliant non-alcoholic beverages made in the United States using naturally derived THC and CBD. These beverages are available online at drinkonward.com and in select liquor retail locations in Florida.

Customer Experience

Since inception, Trulieve has prioritized creating exceptional customer experiences, developing the business to center around the Trulieve philosophy of "Customers First". This customer-centric approach permeates our culture and informs strategic decision making.

Our goal is to foster brand loyalty by providing customers with industry-leading branded products and superior service in an appealing, approachable setting. We accomplish this by creating and reinforcing positive customer experiences. Customer feedback informs our approach across all aspects of the customer journey including products, service, and messaging. We track various metrics including overall satisfaction, net promoter, and customer effort scores. We employ and continuously refine numerous training programs to provide our associates with the resources they need to deliver outstanding customer experiences across the entire Trulieve platform. We offer specialized management training and incentives to reward positive outcomes so there is continuous reinforcement of customer experience best practices.

Marketing Strategies

Trulieve's marketing strategies are tailored to address the unique attributes of the markets in which we operate. Generally, in markets where we serve medical patients, our messaging centers around education and outreach for physicians and medical patients. Our educational materials are designed to help physicians understand cannabinoid science, the high standards pursuant to which our plants are cultivated, the processes required for regulatory compliance, and how our products provide relief for their patients. Patients primarily learn about us through their physicians, patient-centric community events, and digital marketing. We regularly participate in outreach and community events. An engaged audience is captured through our digital content marketing and via multiple popular social media platforms.

We regularly engage with various communities who may benefit from cannabis, such as veterans, seniors, organizations that serve qualifying populations, and various health and wellness groups. Search engine optimization of our website also captures potential customers researching the benefits of cannabis, which offers another pathway to informative materials about cannabis, our products and how to legally access them.

In adult-use markets, marketing efforts aim to attract customers with varying levels of awareness of cannabis and Trulieve. We continue to delineate and refine our understanding of various customer personas, which factors such as location, products and pricing attract and retain customers, and which incentives are effective in driving specific outcomes. Connecting with a broader audience requires different strategies that inspire, tap into relevant cultural moments in their lives, build community as well as educate customers on our products' uniqueness versus our competitors.

We understand each consumer has unique communication preferences and capabilities. As such, we engage with customers and physicians through a variety of methods including email, text, social media and online chat. In select markets we offer various purchase options, including phone ordering, online ordering, home delivery, and in-store. In all markets, Trulieve offers a customer rewards program featuring fully stackable and portable points as appropriate within existing regulatory frameworks.

Investments in Infrastructure and Technology

We have made significant investments in developing and deploying technology and data platforms designed to support scaled operations and growth in customers served and units sold. Through our customer data platform, we can analyze data to discern customer preferences, patterns, and trends which inform our product mix and allocation, promotional strategies, and outreach. Investments in our enterprise-grade platforms enable greater sophistication across production, retail, and wholesale operations and numerous support functions including accounting and finance, human resources, legal and compliance. We believe infrastructure and data capabilities are prerequisites for long term success in an increasingly competitive and integrated commerce environment.

Competitive Conditions and Position

The markets in which we operate are highly competitive markets with relatively high barriers to entry given the limited quantity of licenses available and the highly regulated nature of the cannabis industry. See "—Regulatory Overview" in Item 1—Business in our 2024 Form 10-K for additional information regarding the impact of regulation on our business. We compete directly with cannabis producers and retailers within single-state operating markets, as well as those that operate across several U.S. state markets.

The vast majority of both manufacturing and retail competitors in our markets are either localized businesses with operations in a single state market or regional players. Other multi-state cannabis operators compete directly in several of our operating markets. Aside from this direct competition, out-of-state operators that are sufficiently capitalized to enter those markets through acquisitions are also part of the competitive landscape. Similarly, as we execute on our regional hub strategy and expand across the U.S., operators in our future state markets will inevitably become direct competitors. Increased competition by larger and better financed competitors could materially affect our business, financial condition and results of operations.

We face additional competition from new entrants. If the number of consumers of medical and adult-use cannabis in our markets increases, the demand for products will increase and we expect that competition will become more intense as current and future competitors offer an increasing number of diversified products and engage in price competition. We expect to continue to invest in several areas, including customer experience, product innovation, scaled production, marketing and branding, and distribution network expansion. Trulieve may not have sufficient resources to maintain investments on a competitive basis, which could have a material adverse effect on our business, financial condition and operational results. The management team monitors developments in the fast-paced cannabis industry and adjacent industries to help us remain competitive.

We also compete indirectly with operators in the illicit market for cannabis and manufacturers and retailers of intoxicating hemp products.

See "Part I Item 1A — Risk Factors" of our 2024 Form 10-K for additional information regarding competition.

Seasonality

Our business operates year-round. Operations and sales trends in select markets do follow seasonal trends at various times of the year, providing seasonal impacts on sales in summer and winter months and increases from promotional activity around specific industry and holiday events including 4/20, 7/10, and Green Wednesday (the Wednesday before Thanksgiving).

Recent Developments

The U.S. government recently announced tariffs on goods imported from various countries, which have led to reciprocal tariffs and other trade measures. The effects from these new tariffs and trade measures did not have a material impact on our profitability in the first quarter. Although we are actively monitoring the tariff developments and analyzing the potential impacts, we currently do not expect them to have a material impact on our business, cost structure, or supply chain.

Critical Accounting Policies and Estimates

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. The Company's accounting policies that we believe are the most critical to aid in fully understanding and evaluating our reported financial results are described in our 2024 Form 10-K under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates." During the three months ended March 31, 2025, there were no significant changes to our critical accounting policies and estimates.

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, 2025 and 2024.

The following table and discussion compares condensed consolidated statements of operations data for the quarter-to-date periods presented:

	Three Months Ended March 31,			
	2025	2024	2025 vs. 2024	
		(in thousands)		
Statements of Operations Data	**Amount**	**Amount**	**Amount Change**	**Percentage Change**
Revenue	$297,760	$ 297,619	$ 141	— %
Cost of goods sold	114,541	123,817	(9,276)	(7)%
Gross profit	183,219	173,802	9,417	5 %
Expenses:				
Selling, general, and administrative	118,772	101,307	17,465	17 %
Depreciation and amortization	29,328	27,755	1,573	6 %
Impairment and disposal of long-lived assets, net of (recoveries)	1,793	(1,360)	3,153	232 %
Total expenses	149,893	127,702	22,191	17 %
Income from operations	33,326	46,100	(12,774)	(28)%
Other income (expense):				
Interest expense, net	(16,295)	(14,669)	(1,626)	(11)%
Interest income	3,068	3,258	(190)	(6)%
Other income (expense), net	228	(2,743)	2,971	108 %
Total other expense, net	(12,999)	(14,154)	1,155	8 %
Income before provision for income taxes	20,327	31,946	(11,619)	(36)%
Provision for income taxes	52,464	55,435	(2,971)	(5)%
Net loss from continuing operations	(32,137)	(23,489)	(8,648)	(37)%
Net loss from discontinued operations, net of $0 tax	(1,622)	(1,358)	(264)	(19)%
Net loss	$ (33,759)	$ (24,847)	$ (8,912)	(36)%

Percentage of Revenue	**2025**	**2024**
Cost of goods sold	38.5 %	41.6%
Gross profit	61.5 %	58.4%
Selling, general, and administrative	39.9 %	34.0%

Revenue

Revenue for the three months ended March 31, 2025 was $297.8 million, an increase of $0.1 million, from $297.6 million for the three months ended March 31, 2024. The increase was primarily driven by a $3.2 million increase in wholesale and other revenue which was partially offset by a $3.0 million decrease in retail revenue.

The decrease in retail revenue was driven by price compression and loyalty point redemption. This decrease was partially offset by the opening of additional dispensaries; the Company operated 229 dispensaries as of March 31, 2025 as compared to 195 as of March 31, 2024.

The increase in wholesale and other revenue was primarily driven by higher wholesale revenue in Maryland and Pennsylvania.

Cost of Goods Sold and Gross Profit

Cost of goods sold for the three months ended March 31, 2025 was $114.5 million, a decrease of $9.3 million, or 7.5%, from $123.8 million for the three months ended March 31, 2024. Cost of goods sold as a percentage of revenue was 38.5% for the three months ended March 31, 2025 as compared to 41.6% for the three months ended March 31, 2024. Gross profit for the three months ended March 31, 2025 was $183.2 million, an increase of $9.4 million, or 5.4%, from $173.8 million for the three months ended March 31, 2024. Gross profit as a percentage of revenue was 61.5% for the three months ended March 31, 2025 as compared to 58.4% for the three months ended March 31, 2024, which was driven by decreased cost of goods sold reflecting year-over-year improvements in at-scale cost efficiencies from our production facilities as well as a disciplined approach to promotional activity in the current period.

Selling, General, and Administrative Expense

Selling, general, and administrative expense for the three months ended March 31, 2025 was $118.8 million, an increase of $17.5 million, or 17.2%, from $101.3 million for the three months ended March 31, 2024. Selling, general, and administrative expense as a percentage of revenues was 39.9% for the three months ended March 31, 2025, compared to 34.0% for the three months ended March 31, 2024. The increase in selling, general, and administrative expenses was due to higher campaign and political contributions of $13.7 million and the addition of new dispensaries, which was partly offset by lower retail labor expense in the current period.

Depreciation and Amortization Expense

Depreciation and amortization expense for the three months ended March 31, 2025 was $29.3 million, an increase of $1.6 million, or 5.7%, from $27.8 million for the three months ended March 31, 2024.

Impairment and Disposal of Long-Lived Assets, Net of (Recoveries)

Impairment and disposal of long-lived assets, net of recoveries was a loss of $1.8 million for the three months ended March 31, 2025 compared to a gain of $1.4 million for the three months ended March 31, 2024. The change is primarily due to 2025 asset disposal activities associated with underperforming assets, whereas an insurance recovery was received in the first quarter of 2024 associated with property damage in 2023.

Interest Expense, Net

Interest expense, net for the three months ended March 31, 2025 was $16.3 million, an increase of $1.6 million, or 11.1%, from $14.7 million for three months ended March 31, 2024.

Interest Income

Interest income for the three months ended March 31, 2025 was $3.1 million, a decrease of $0.2 million, or 5.8%, from $3.3 million for the three months ended March 31, 2024.

Other Income (Expense), Net

Other income, net for the three months ended March 31, 2025 was $0.2 million, a change of $3.0 million, from other expense, net of $2.7 million for three months ended March 31, 2024. The change is primarily related to expense from credit loss reserves on non-operating notes receivable in the prior year.

Provision for Income Taxes

The provision for income taxes for the three months ended March 31, 2025 was $52.5 million, a decrease of $3.0 million, or 5.4%, from $55.4 million for the three months ended March 31, 2024. The provision for income taxes as a percentage of gross profit was 28.6% for the three months ended March 31, 2025, compared to 31.9% for the three months ended March 31, 2024. The decrease in tax expense in the first quarter of 2025, as compared to the first quarter of 2024, was driven by the first quarter of 2024 having a one-time impact of changing certain state tax filings which required us to revalue deferred taxes in those states, which was partially offset by an increase in gross profit in the first quarter of 2025, as well as an increase in interest expense on uncertain tax positions.

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. EBITDA is calculated as net loss before net: interest expense, interest income, provision for income taxes, and depreciation and amortization. Adjusted EBITDA is calculated as net loss before net interest expense, interest income, provision for income taxes and depreciation which is then adjusted for certain contributions, such as campaign and political initiatives, items that we do not believe represent the operations of the core business such as acquisition, transaction and other non-recurring costs including major system changes, impairments and disposals of long-lived assets including goodwill, discontinued operations, share-based compensation, and other income and expense items.

We report Adjusted EBITDA to help investors assess the operating performance of the Company's business. The financial measure noted above is a metric that has 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 net income, the most directly comparable financial measure calculated in accordance with GAAP, to Adjusted EBITDA, has been included herein immediately following our discussion of "Adjusted EBITDA".

Adjusted EBITDA

Adjusted EBITDA for the three months ended March 31, 2025 was $109.2 million, an increase of $3.4 million, or 3.2%, from $105.8 million for the three months ended March 31, 2024. The increase primarily resulted from improved gross profit.

The following table presents a reconciliation of net loss attributable to common shareholders (GAAP) to non-GAAP Adjusted EBITDA, for the periods presented:

	Three Months Ended March 31,	
	2025	2024
	(in thousands)	
Net loss attributable to common shareholders	$ (32,870)	$ (23,079)
Add (deduct) impact of:		
Interest expense, net	16,295	14,669
Interest income	(3,068)	(3,258)
Provision for income taxes	52,464	55,435
Depreciation and amortization	29,328	27,755
Depreciation included in cost of goods sold	13,855	13,477
EBITDA (Non-GAAP)	76,004	84,999
Impairment and disposal of long-lived assets, net of (recoveries)	1,793	(1,360)
Campaign and political contributions	22,952	9,225
Acquisition, transaction, and other non-recurring costs	3,104	3,677
Share-based compensation	3,943	5,153
Other (income) expense, net	(228)	2,743
Discontinued operations, net of tax, attributable to common shareholders	1,622	1,358
Total adjustments	33,186	20,796
Adjusted EBITDA (Non-GAAP)	$ 109,190	$ 105,795
Adjusted EBITDA (Non-GAAP) % of Revenue	36.7 %	35.5 %

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 operations and are deploying our capital reserves to acquire and develop assets capable of producing additional revenues to support our business growth. Our current principal sources of liquidity are our cash and cash equivalents provided by our operations as well as debt and equity offerings. The Company has generated, and expects to continue to generate, additional cash from operations. 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, and income tax payments. Additionally, we may use cash to support cannabis market expansion related initiatives, such as Smart & Safe Florida, which we contributed to in 2025 and 2024. Working capital is used principally for personnel expenses as well as costs related to the cultivation, processing and distribution of our products. Our capital expenditures consist primarily of additional cultivation and processing facilities and retail dispensaries, and improvements to existing facilities to support the long-term growth in markets with adult-use catalysts as well as investments in technology infrastructure. In the current period, our debt service payments consist primarily of interest payments.

As of March 31, 2025, cash and cash equivalents were $328.5 million. 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 would likely be funded through the following sources of capital:

- Cash from ongoing operations,
- Equity or debt financings.

Cash Flows

The condensed consolidated statements of cash flows include continuing operations and discontinued operations. The table below highlights our cash flows for the periods presented:

	Three Months Ended March 31,	
	2025	**2024**
	(in thousands)	
Net cash provided by operating activities	$ 50,736	$ 139,154
Net cash provided by (used in) investing activities	43,411	(18,961)
Net cash used in financing activities	(4,498)	(1,553)
Net increase in cash and cash equivalents	$ 89,649	$ 118,640

Cash Flows - Operating Activities

Net cash provided by operating activities was $50.7 million for the three months ended March 31, 2025, a decrease of $88.4 million as compared to $139.2 million net cash provided by operating activities for the three months ended March 31, 2024. This decrease was primarily due to $50.0 million of tax refunds, from amended returns, related to the Company's position that it does not owe taxes attributable to the application of Section 280E of the Internal Revenue Code, received in the first quarter of 2024, and higher campaign and political contributions of $13.7 million made in the first quarter of 2025. This decrease in the first quarter of 2025 was also driven by the comparative change in inventories of $11.4 million where the first quarter of 2024 benefited from the $3.5 million decrease in inventories versus the $7.9 million increase for the current period in addition to the increase in the first quarter of 2025 in trade and other receivables of $12.3 million. This was partially offset by a $9.4 million improvement in gross profit driven by improved cost of goods sold.

Cash Flows - Investing Activities

Net cash provided by investing activities was $43.4 million for the three months ended March 31, 2025, an increase of $62.4 million, compared to the $19.0 million net cash used in investing activities for the three months ended March 31, 2024. The increase is primarily driven by certificates of deposit that matured in the first quarter of 2025 which were entered into in the third quarter of 2024.

Cash Flows - Financing Activities

Net cash used in financing activities was $4.5 million for the three months ended March 31, 2025, an increase of $2.9 million, compared to $1.6 million net cash used in financing activities for the three months ended March 31, 2024.

Balance Sheet Exposure

As of March 31, 2025 and December 31, 2024, substantially all of our condensed consolidated balance sheets is exposed to U.S. cannabis-related activities, and substantially all our revenue is from U.S. cannabis operations. 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. 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 2024 Form 10-K.

Contractual Obligations

For information on our commitments for financing arrangements, operating leases, claims and litigation, contingencies, and other obligations, see Note 3. Supplementary Financial Information, Note 4. Long-Term Borrowings, and Note 6. Income Taxes in Part I. Item 1 of this Quarterly Report on Form 10-Q. Other than the $55.7 million increase in our uncertain tax position liabilities, there were no other material changes to our contractual obligations as set forth in Part II Item 7 of our 2024 Form 10-K.

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.

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 2024 Form 10-K.

Item 4. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Based on our management's evaluation with the participation of our Chief Executive Officer and our Interim Chief Financial Officer, as of March 31, 2025, our Chief Executive Officer and our Interim Chief Financial Officer have concluded that our "disclosure controls and procedures" (as defined in Rules 13a-15(e) and15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) were effective to provide reasonable assurance that the information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and our Interim Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred for the three months ended March 31, 2025, which has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.