THESE FINANCIAL STATEMENTS FOR TRULIEVE CANNABIS CORP.

ARE ALSO INCLUDED IN THE FORM 10-Q FOR THE

QUARTER ENDED MARCH 31, 2025

FILED ON SEDAR ON MAY 7, 2025 IN ITS ENTIRETY

PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

TRULIEVE CANNABIS CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(in thousands)

	March 31, 2025	December 31, 2024
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 328,452	$ 238,803
Short-term investments	—	60,393
Restricted cash	907	907
Accounts receivable, net	10,260	8,288
Inventories	239,284	231,371
Income tax receivable	8,635	10,009
Prepaid expenses	24,240	22,959
Other current assets	32,289	26,209
Notes receivable - current portion, net	4,456	4,750
Assets associated with discontinued operations	856	868
Total current assets	649,379	604,557
Property and equipment, net	710,149	716,051
Right of use assets - operating, net	117,014	119,549
Right of use assets - finance, net	64,406	64,379
Intangible assets, net	848,802	859,483
Goodwill	483,905	483,905
Notes receivable, net	525	528
Other assets	11,481	19,837
Long-term assets associated with discontinued operations	1,980	1,980
TOTAL ASSETS	$ 2,887,641	$ 2,870,269
LIABILITIES		
Current Liabilities:		
Accounts payable and accrued liabilities	$ 91,147	$ 94,036
Deferred revenue	8,684	8,028
Notes payable - current portion	3,473	3,407
Operating lease liabilities - current portion	12,284	12,131
Finance lease liabilities - current portion	9,947	9,535
Construction finance liabilities - current portion	2,041	1,919
Contingencies	5,647	6,307
Liabilities associated with discontinued operations	3,443	3,129
Total current liabilities	136,666	138,492
Long-Term Liabilities:		
Private placement notes, net	365,251	364,836
Notes payable, net	111,144	111,945

TRULIEVE CANNABIS CORP.
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED) *(Continued)*
(in thousands)

	March 31, 2025	December 31, 2024
Operating lease liabilities	116,504	117,485
Finance lease liabilities	68,019	67,679
Construction finance liabilities	135,118	135,521
Deferred tax liabilities	191,895	196,545
Uncertain tax position liabilities	500,934	445,221
Other long-term liabilities	5,530	4,954
Long-term liabilities associated with discontinued operations	37,703	38,560
TOTAL LIABILITIES	$ 1,668,764	$ 1,621,238
Commitments and contingencies (see Note 3)		
SHAREHOLDERS' EQUITY		
Common stock, no par value; unlimited shares authorized. 191,077,446 and 191,005,940 shares issued and outstanding as of March 31, 2025 and December 31, 2024, respectively.	$ —	$ —
Additional paid-in-capital	2,060,737	2,057,032
Accumulated deficit	(828,614)	(795,744)
Non-controlling interest	(13,246)	(12,257)
TOTAL SHAREHOLDERS' EQUITY	1,218,877	1,249,031
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,887,641	$ 2,870,269

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 March 31, 2025	Three Months Ended March 31, 2024
Revenue	$ 297,760	$ 297,619
Cost of goods sold	114,541	123,817
Gross profit	183,219	173,802
Expenses:		
Selling, general, and administrative	118,772	101,307
Depreciation and amortization	29,328	27,755
Impairment and disposal of long-lived assets, net of (recoveries)	1,793	(1,360)
Total expenses	149,893	127,702
Income from operations	33,326	46,100
Other income (expense):		
Interest expense, net	(16,295)	(14,669)
Interest income	3,068	3,258
Other income (expense), net	228	(2,743)
Total other expense, net	(12,999)	(14,154)
Income before provision for income taxes	20,327	31,946
Provision for income taxes	52,464	55,435
Net loss from continuing operations	(32,137)	(23,489)
Net loss from discontinued operations, net of $0 tax benefit	(1,622)	(1,358)
Net loss	(33,759)	(24,847)
Less: net loss attributable to non-controlling interest from continuing operations	(889)	(1,768)
Net loss attributable to common shareholders	$ (32,870)	$ (23,079)
Earnings Per Share		
Net loss per share - Continuing operations:		
Basic and diluted	$ (0.16)	$ (0.16)
Net loss per share - Discontinued operations:		
Basic and diluted	$ (0.01)	$ (0.01)
Weighted average number of common shares used in computing net loss per share:		
Basic and diluted	191,127,903	189,493,134

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
Balance, December 31, 2024	23,226,386	167,779,554	191,005,940	$ 2,057,032	$ (795,744)	$ (12,257)	$ 1,249,031
Share-based compensation	—	—	—	3,943	—	—	3,943
Subordinate Voting Shares issued under share compensation plans	—	124,806	124,806	—	—	—	—
Tax withholding related to net share settlements of equity awards	—	(53,300)	(53,300)	(238)	—	—	(238)
Distributions to subsidiary non-controlling interest	—	—	—	—	—	(100)	(100)
Net loss	—	—	—	—	(32,870)	(889)	(33,759)
Balance, March 31, 2025	23,226,386	167,851,060	191,077,446	$ 2,060,737	$ (828,614)	$ (13,246)	$ 1,218,877
Balance, December 31, 2023	26,226,386	160,009,432	186,235,818	$ 2,055,112	$ (640,639)	$ (5,860)	$ 1,408,613
Share-based compensation	—	—	—	5,153	—	—	5,153
Subordinate Voting Shares issued under share compensation plans	—	42,662	42,662	170	—	—	170
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	—	—	—	—	—	1,365	1,365
Adjustment of redeemable non-controlling interest to maximum redemption value	—	—	—	(8,836)	—	—	(8,836)
Subordinate Voting Shares issued pursuant to redemption of non-controlling interest	—	974,930	974,930	2,471	—	—	2,471
Net loss	—	—	—	—	(23,079)	(1,768)	(24,847)
Balance, March 31, 2024	23,226,386	164,027,024	187,253,410	$ 2,054,070	$ (663,718)	$ (7,344)	$ 1,383,008

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)

	Three Months Ended March 31, 2025	Three Months Ended March 31, 2024
Cash flows from operating activities		
Net loss	$ (33,759)	$ (24,847)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	29,328	27,755
Depreciation included in cost of goods sold	13,855	13,477
Impairment and disposal of long-lived assets, net of (recoveries)	1,793	(1,360)
Share-based compensation	3,943	5,153
Deferred income taxes	(4,650)	10,016
Other non-cash changes	4,989	6,144
Changes in operating assets and liabilities:		
Inventories	(7,913)	3,522
Accounts receivable	(2,606)	1,493
Other assets	(8,438)	(1,399)
Accounts payable and accrued liabilities	(225)	1,040
Income tax receivable / payable	1,373	2,663
Other liabilities	(2,667)	(3,592)
Uncertain tax position liabilities	55,713	97,616
Proceeds received from insurance for operating expenses	—	1,473
Net cash provided by operating activities	50,736	139,154
Cash flows from investing activities		
Purchases of property and equipment	(16,883)	(15,494)
Purchases of internal use software	(3,912)	(5,008)
Maturities of short-term investments	60,393	—
Other proceeds	4,019	1,541
Other purchases and payments	(206)	—
Net cash provided by (used in) investing activities	43,411	(18,961)
Cash flows from financing activities		
Payments on long-term borrowings	(1,864)	(1,726)
Payments for taxes related to net share settlement of equity awards	(238)	—
Proceeds from equity exercises	—	170
Other payments and distributions	(2,396)	(2,997)
Other proceeds	—	3,000
Net cash used in financing activities	(4,498)	(1,553)
Net increase in cash and cash equivalents	89,649	118,640
Cash, cash equivalents, and restricted cash, beginning of period	239,710	207,979
Cash and cash equivalents of discontinued operations, beginning of period	—	301

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

	Three Months Ended March 31,	
	2025	2024
Less: cash and cash equivalents of discontinued operations, end of period	—	—
Cash, cash equivalents, and restricted cash, end of period	$ 329,359	$ 326,920
Supplemental disclosure of cash flow information		
Cash paid during the period for		
Interest	$ 9,016	$ 8,939
Income taxes paid, net of (refunds)	28	(54,859)
Noncash investing and financing activities		
ASC 842 lease additions - operating and finance leases	$ 5,125	$ 5,967
Purchases of property and equipment in accounts payable and accrued liabilities	2,852	484
Operating license intangible placed into service, transfer from other assets	6,500	—
Subordinate Voting Shares issued pursuant to redemption of non-controlling interest	—	2,471
Adjustment of redeemable non-controlling interest to maximum redemption value	—	8,836

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

	March 31,	
	2025	2024
Beginning of period:		
Cash and cash equivalents [(1)]	$ 238,803	$ 201,372
Restricted cash	907	6,607
Cash, cash equivalents and restricted cash	$ 239,710	$ 207,979
End of period:		
Cash and cash equivalents	$ 328,452	$ 320,313
Restricted cash	907	6,607
Cash, cash equivalents and restricted cash	$ 329,359	$ 326,920

[(1)] Excludes cash associated with discontinued operations totaling $0 and $0.3 million as of December 31, 2024 and December 31, 2023, respectively.

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 March 31, 2025, and the results of its operations and cash flows for the periods ended March 31, 2025 and 2024. The results of the Company's operations for the three months ended March 31, 2025 are not necessarily indicative of the results to be expected for the full 2025 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, 2024, filed with the Securities and Exchange Commission ("SEC") on February 27, 2025 (the "2024 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. The consolidated results remain unchanged for all periods presented.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are described in the Company's 2024 Annual Report on Form 10-K, filed with the SEC on February 27, 2025. 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 three month period ended March 31, 2025.

NOTE 3. SUPPLEMENTARY FINANCIAL INFORMATION

Inventories

Inventories are comprised of the following as of:

	March 31, 2025	December 31, 2024
	(in thousands)	
Raw materials		
Cannabis plants	$ 18,168	$ 20,986
Packaging and supplies	28,281	30,208
Total raw materials	46,449	51,194
Work in process	132,911	125,168
Finished goods - unmedicated	6,894	6,354
Finished goods - medicated	53,030	48,655
Total inventories	$ 239,284	$ 231,371

Notes Receivable

	March 31, 2025	December 31, 2024
	(in thousands)	
Notes receivable, gross	7,238	12,494
Less: allowance for credit losses	(2,257)	(7,216)
Less: current portion of notes receivable	(4,456)	(4,750)
Notes receivable, net	$ 525	$ 528

In the first quarter of 2025, a $5.0 million write-off was charged against the allowance due to uncollectibility. No provision for credit losses was recorded during the three months ended March 31, 2025.

Fair Value Measurements

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

	Fair Value Hierarchy Level (1)	March 31, 2025	December 31, 2024
Financial Assets:			
Money market funds (2)	Level 1	$ 306,494	$ 204,314
Certificates of deposit (3)	Level 1	—	60,393
Total financial assets		$ 306,494	$ 264,707
Financial Liabilities:			
Interest rate swap (4)	Level 2	$ 1,570	$ 1,011

(1) There were no transfers between hierarchy levels during the periods ending March 31, 2025 or December 31, 2024.

(2) Interest income from money market funds was $2.8 million and $2.9 million for the three months ended March 31, 2025 and 2024, respectively.

(3) The certificates of deposit outstanding at December 31, 2024 matured in the first quarter of 2025. Interest income from certificates of deposit was $0.1 million for the three months ended March 31, 2025.

(4) The fair value of the interest rate swap liability is recorded in other long-term liabilities on the condensed consolidated balance sheets.

Shared Based Compensation

Stock Options

The following table summarizes the Company's stock option activity for the three months ended March 31, 2025:

	Number of options
Outstanding options, beginning of period	4,636,067
Granted [1]	2,141,172
Forfeited	(45,268)
Expired	(728,776)
Outstanding options, end of period	6,003,195
Vested and exercisable options, end of period	3,072,724

(1) The weighted average exercise price for stock options granted was $4.03.

Restricted Stock Units

The following table summarizes the Company's restricted stock unit ("RSU") activity for the three months ended March 31, 2025:

	Number of restricted stock units
Unvested balance, beginning of period	3,179,644
Granted [1]	4,608,711
Vested	(124,806)
Forfeited	(82,884)
Unvested balance, end of period	7,580,665

(1) The weighted average grant date fair value of RSUs granted was $3.98.

Revenue Disaggregation

Revenue is comprised of the following for the periods presented:

	Three Months Ended March 31,	
	2025	2024
	(in thousands)	
Retail	$ 281,973	$ 284,994
Wholesale and other	15,787	12,625
Total revenue	$ 297,760	$ 297,619

Commitments and Contingencies

Operating Licenses

Although the possession, cultivation, and distribution of cannabis is permitted for medical and/or adult use 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 the Company's business plans. In addition, the Company's assets, including cash and cash equivalents, short-term investments, real property, 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. As of March 31, 2025, 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 has a material interest adverse to the Company's interest.

Contingencies

As of March 31, 2025, $5.6 million was included in contingent liabilities on the condensed consolidated balance sheets related to various pending litigation claims as the loss is probable and can be estimated.

An acquisition in 2021 included a contingency providing for an additional $5.0 million in consideration which is contingent on the enactment, adoption or approval of laws allowing for adult-use cannabis in Pennsylvania. No liability was recorded for this contingent consideration, as the estimated value of the liability was not significant at the time of the acquisition or as of March 31, 2025 based on the likelihood of approval of laws allowing for adult-use cannabis in Pennsylvania.

NOTE 4. LONG-TERM BORROWINGS

Private Placement Notes

Private placement notes payable consisted of the following as of:

	March 31, 2025	December 31, 2024	Stated Interest Rate	Effective Interest Rate	Maturity Date
	(in thousands)				
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	368,000	368,000			
Less: unamortized debt discount and issuance costs	(2,749)	(3,164)			
Less: current portion of private placement notes	—	—			
Private placement notes, net	$ 365,251	$ 364,836			

Notes Payable

Notes payable consisted of the following as of:

	March 31, 2025	December 31, 2024	Stated Interest Rate	Effective Interest Rate	Maturity Date
	(in thousands)				
Mortgage Notes Payable [1]					
Notes dated December 21, 2022 [4]	$ 67,931	$ 68,377	[4]	7.87%	1/1/2028
Notes dated December 22, 2023	24,328	24,468	8.31%	8.48%	12/22/2028
Notes dated December 22, 2022	17,882	18,012	7.30%	7.38%	12/22/2032
Notes dated October 1, 2021	5,072	5,193	8.14%	8.29%	11/1/2027
Total mortgage notes payable	115,213	116,050			
Promissory Notes Payable					
Notes acquired in Harvest Acquisition in October 2021 [2]	1,017	1,027	[2]	[2]	[2]
Total promissory notes payable	1,017	1,027			
Total notes payable [3]	116,230	117,077			
Less: unamortized debt discount and issuance costs	(1,613)	(1,725)			
Less: current portion of notes payable	(3,473)	(3,407)			
Notes payable, net	$ 111,144	$ 111,945			

[1] Underlying assets are pledged as collateral for the mortgage notes payable.

[2] Interest rates range from 0.00% to 7.50%, with a weighted average interest rate of 7.39% as of March 31, 2025. Maturity dates range from April 27, 2026 to October 24, 2026.

[3] Notes payable are subordinated to the private placement notes.

[4] The mortgage note payable interest rate is a variable rate equal to the CME Term Secured Overnight Financing Rate ("SOFR") plus 3.00%. In connection with the closing of this note, the Company entered into an interest rate swap to fix the interest rate at 7.53% for the term of the notes.

Construction Finance Liabilities

Total construction finance liabilities were $137.2 million and $137.4 million as of March 31, 2025 and December 31, 2024, respectively. The contractual terms range from 10.0 years to 25.0 years with a weighted average remaining lease term of 15.7 years.

Financial and Other Covenants

Certain long-term borrowing agreements contain various operating and financial covenants as disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 2024 and as of March 31, 2025, the Company was in compliance with all such operating and financial covenants.

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 March 31, 2025 are as follows:

Year	Private Placement Notes	Notes Payable	Construction Finance Liabilities	Total Maturities
	(in thousands)			
Remainder of 2025	$ —	$ 2,560	$ 13,160	$ 15,720
2026	368,000	4,655	18,013	390,668
2027	—	7,600	18,519	26,119
2028	—	85,633	19,039	104,672
2029	—	668	19,574	20,242
Thereafter	—	15,114	263,810	278,924
Total	$ 368,000	$ 116,230	$ 352,115	$ 836,345

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 March 31,	
	2025	2024
	(in thousands, except for per share data)	
Numerator		
Continuing operations		
Net loss from continuing operations	$ (32,137)	$ (23,489)
Less: net loss attributable to non-controlling interest	(889)	(1,768)
Less: adjustment of redeemable non-controlling interest to maximum redemption value	—	8,836
Net loss from continuing operations available to common shareholders.	$ (31,248)	$ (30,557)
Discontinued operations		
Net loss from discontinued operations, net of tax, attributable to common shareholders	$ (1,622)	$ (1,358)
Denominator		
Weighted average number of common shares outstanding - Basic and diluted [(1)]	191,127,903	189,493,134
Loss per share - Continuing operations		
Basic and diluted loss per share	$ (0.16)	$ (0.16)
Loss per share - Discontinued operations		
Basic and diluted loss per share	$ (0.01)	$ (0.01)

[(1)] Potentially dilutive securities representing 13.6 million and 11.0 million shares of common stock were excluded from the computation of diluted earnings per share for the three months ended March 31, 2025 and 2024, respectively, as their effect would have been antidilutive.

As of March 31, 2025, there were approximately 191.1 million shares of Subordinate Voting Shares and Multiple Voting Shares 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.

As of March 31, 2025, there were 9,496 warrants outstanding, each exercisable for one Subordinate Voting Share at an exercise price of $23.76, with an expiration date of December 30, 2025.

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 March 31,	
	2025	2024
	(in thousands)	
Income before provision for income taxes	$20,327	$31,946
Provision for income taxes	$52,464	$55,435
Effective tax rate	258%	174%

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 a 50% or less likelihood of being sustained.

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

		Three Months Ended March 31, 2025
		(in thousands)
Balance, beginning of period	$	674,668
Additions based on tax positions related to the current year		32,392
Additions based on tax positions related to the prior years		657
Balance, end of period	$	707,717

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

		Three Months Ended March 31, 2025
		(in thousands)
Balance, beginning of period	$	445,221
Additions based on tax positions related to the current year		35,122
Additions based on tax positions related to the prior year		657
Reclass tax payments on deposit		10,957
Interest recorded in income tax expense, net of reversals (1)		8,977
Balance, end of period (2) (3)	$	500,934

(1) Amounts represent the interest 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.

(2) The Company has taken a position that IRC Section 280E does not preclude it from deducting ordinary and necessary business expenditures on its tax returns. Of the $500.9 million in uncertain tax position liabilities, net, $466.9 million is related to this tax position. The amount does not include $110.1 million of previous tax payments for which the Company has claimed overpayment related to this tax position.

(3) The ending balance includes accrued interest and penalties totaling $41.0 million as of March 31, 2025.

The Company recorded interest on uncertain tax positions totaling $9.0 million and $3.6 million for the three months ended March 31, 2025 and March 31, 2024 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.

The Company and certain of its subsidiaries are currently under examination by the relevant taxing authorities for various tax years. The Company does not reasonably expect the potential outcomes of these examinations to materially change the amount of unrecognized tax benefit over the next 12 months. With few exceptions, as of March 31, 2025, the Company is no longer subject to examination by tax authorities for years before 2020.

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 ("VIEs") for which it is the primary beneficiary and/or holds a controlling voting equity position. The Company holds an ownership interest in these entities ranging from 0% to 95%, either directly or through a proxy as of March 31, 2025.

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 indicated and include third-party assets and liabilities of the Company's VIEs only and exclude intercompany balances that were eliminated in consolidation.

	March 31, 2025	December 31, 2024
	(in thousands)	
Current assets:		
Cash	$ 473	$ 420
Accounts receivable, net	735	721
Inventories	1,513	901
Prepaid expenses	151	160
Total current assets	2,872	2,202
Property and equipment, net	2,494	1,228
Intangible assets, net	1,985	2,028
Other assets	326	355
Total assets	$ 7,677	$ 5,813
Current liabilities:		
Accounts payable and accrued liabilities	$ 784	$ 371
Total current liabilities	784	371
Total liabilities	$ 784	$ 371

NOTE 8. RELATED PARTIES

In 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 March 31, 2025 and 2024, respectively, and recorded to selling, general, and administrative expenses on the condensed consolidated statements of operations.

The Company leases a cultivation facility and corporate office facility from an entity that is 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:

	March 31, 2025	December 31, 2024
	(in thousands)	
Right-of-use assets, net	$ 549	$ 582
Lease liabilities:		
Lease liabilities - current portion	$ 146	$ 142
Lease liabilities	444	482
Total related parties lease liabilities	$ 590	$ 624

Lease expense recognized on leases with related parties was $0.1 million and $0.1 million for the three months ended March 31, 2025 and 2024, respectively, and recorded to cost of goods sold and selling, general, and administrative expenses on the condensed consolidated statements of operations.

NOTE 9. DISCONTINUED OPERATIONS

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

	Three Months Ended March 31,	
	2025	2024
	(in thousands)	
Expenses:		
Operating expenses	$ 758	$ 435
Total expenses	758	435
Loss from operations	(758)	(435)
Other expense:		
Other expense, net	(864)	(923)
Total other expense, net	(864)	(923)
Loss before income taxes	(1,622)	(1,358)
Net loss from discontinued operations, net of $0 tax benefit	$ (1,622)	$ (1,358)

The condensed consolidated statements of cash flows include continuing operations and discontinued operations and the activity from discontinued operations was nominal for the three months ended March 31, 2025 and 2024.

Future minimum lease payments, including interest, for the construction finance liability associated with discontinued operations as of March 31, 2025 are as follows:

Year	*(in thousands)*
Remainder of 2025	$ 4,232
2026	5,788
2027	5,961
2028	6,140
2029	6,324
Thereafter	5,963
Total future payments	$ 34,408

NOTE 10. SUBSEQUENT EVENTS

The Company’s management evaluates subsequent events through the date of issuance of the condensed consolidated financial statements. Subsequent to March 31, 2025, the Company received $7.9 million in cash and recorded a $7.9 million gain related to partial settlement of insurance recoveries. The timing and amount of the remaining portion of the insurance settlement, if any, cannot be estimated.

There were no other subsequent events that occurred during such period that would require adjustment to or disclosure in the condensed consolidated financial statements.