



CURALEAF HOLDINGS, INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations
As of and for the Years Ended
December 31, 2023 and 2022

(Expressed in Thousands United States Dollars Unless Otherwise Stated)

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Amounts in thousands, except share and per share amounts)

This management discussion and analysis ("MD&A") of the financial condition and results of operations of Curaleaf Holdings, Inc. (the "Company" or "Curaleaf") is for the years ended December 31, 2023 and 2022 prepared as of March 6, 2024. It is supplemental to, and should be read in conjunction with, the Company's audited consolidated financial statements and the accompanying notes for the years ended December 31, 2023 and 2022 (the "Consolidated Financial Statements"). For the purposes of this MD&A, the terms "Company" and "Curaleaf" mean Curaleaf Holdings, Inc. and, unless the context otherwise requires, includes its wholly-owned subsidiaries and majority-owned subsidiaries as well as legal entities in which it, directly or indirectly, holds a controlling financial interest. Additional public disclosure documents and information pertaining to the Company, including the annual information form for the year ended December 31, 2023 (the "Annual Information Form" or the "AIF"), are available on the Company's website at www.curaleaf.com, through the SEDAR+ website at www.sedarplus.ca, or through the EDGAR website at www.sec.gov/edgar. The Company adopted the accounting principles generally accepted in the United States of America ("GAAP") as issued by the Financial Accounting Standards Board ("FASB") as the basis of preparation for the comparative 2023 and 2022 annual financial statements effective for the year-ended December 31, 2023. Previously, the Company's financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), for the period up to and including the nine-months ended September 30, 2022. Financial information presented in this MD&A is presented in United States ("U.S.") dollars (" \$" or "US\$"), unless otherwise indicated.

This MD&A has been prepared by reference to the MD&A disclosure requirements established under National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators and Staff Notice 51-352 (Revised) – Issuers with U.S. Marijuana Related Activities ("Staff Notice 51-352").

This MD&A contains "forward-looking information" and "forward-looking statements" within the meaning of Canadian securities laws and U.S. securities laws (together, "forward-looking statements"). Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based on management's current beliefs, expectations or assumptions regarding the future of the business, future plans and strategies, operational results and other future conditions of the Company. In addition, the Company may make or approve certain statements in future filings with Canadian securities regulatory authorities, in press releases, or in oral or written presentations by representatives of the Company that are not statements of historical fact and may also constitute forward-looking statements. All statements, other than statements of historical fact, made by the Company that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements, including, but not limited to, statements preceded by, followed by or that include 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 and includes, among others, information regarding: expectations for the effects and potential benefits of any transactions; statements relating to the business and future activities of, and developments related to, the Company after the date of this MD&A, including such things as future business strategy, competitive strengths, goals, expansion and growth of the Company's business, operations and plans; expectations that licenses applied for will be obtained; potential future legalization of adult-use and/or medical cannabis under U.S. federal law; expectations of market size and growth in the U.S. and the states in which the Company operates; expectations for other economic, business, regulatory and/or competitive factors related to the Company or the cannabis industry generally; the ability for U.S. holders of securities of the Company to sell them on the Toronto Stock Exchange (the "TSX"); and other events or conditions that may occur in the future. Forward-looking statements may relate to future financial conditions, results of operations, plans, objectives, performance or business developments. These statements speak only as of and at the date they are made and are based on information currently available and on the then current expectations. Holders of securities of the Company are cautioned that forward-looking statements are not based on historical facts but instead are based on reasonable assumptions and estimates of management of the Company at the time they were provided or made and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, as applicable, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, including, but not limited to, risks and uncertainties related to: the legality of cannabis in the U.S., including the fact that cannabis is a controlled substance under the United States Federal Controlled Substances Act; anti-money laundering laws and regulations; the lack of access to U.S. bankruptcy protections; financing risks, including risks related to additional financing and restricted access to banking; general regulatory and legal risks, including potential constraints

on the Company's ability to expand its business in the U.S. by virtue of the restrictions of the TSX following the TSX Listing (as defined below); risk of legal, regulatory or political change; general regulatory and licensing risks; limitation on ownership of licenses; risks relating to regulatory action and approvals from the U.S. Food and Drug Administration (the "FDA"); the fact that cannabis may be subject to increased regulation by the FDA; potential heightened scrutiny by regulatory authorities following the TSX Listing; loss of foreign private issuer status; risks related to internal controls over financial reporting; litigation risks; increased costs as a result of being a public company in Canada and the U.S.; recent and proposed legislation in respect of U.S. cannabis licensing; environmental risks, including risks related to environmental regulation and unknown environmental risks; general business risks including risks related to the Company's expansion into foreign jurisdictions; future acquisitions or dispositions; service providers; enforceability of contracts; the ability of our shareholders to resale their subordinate voting shares ("SVS") on the TSX; the Company's reliance on senior management and key personnel, and the Company's ability to recruit and retain such senior management and key personnel; competition risks; risks inherent in an agricultural business; unfavorable publicity or consumer perception; product liability; product recalls; results of future clinical research; dependence on suppliers; reliance on inputs; risks related to limited market data and difficulty to forecast; intellectual property risks; constraints on marketing products; fraudulent or illegal activity by employees, consultants and contractors; increased labor costs based on union activity; information technology systems and cyber-attacks; security breaches; the Company's reliance on management services agreements with subsidiaries and affiliates; website accessibility; high bonding and insurance coverage; risks of leverage; management of the Company's growth; the fact that past performance may not be indicative of future results and that financial projections may prove materially inaccurate or incorrect; risks related to conflicts of interests; challenging global economic conditions; currency fluctuations; risks related to the Company's business structure and securities; including the status of the Company as a holding company; no dividend record; risks related to the Senior Secured Notes – 2026 (as defined herein); concentrated voting control; risks related to the sale of a substantial amount of our SVS; risks associated with securities or industry analysts not publishing or ceasing to publish research or reports or publishing misleading information about the Company; the potentially limited market for SVS for holders of the Company's securities who live in the U.S.; shareholders having little or no rights to participate in the Company's business affairs; the volatility of the market price for the SVS; liquidity risks associated with an investment in the SVS; enforcement against directors and officers outside of Canada may prove difficult; and tax risks; as well as those risk factors discussed under the heading "Risk Factors" in the AIF and the other risk factors described herein.

The purpose of forward-looking statements is to provide the reader with a description of management's expectations, and such forward-looking statements may not be appropriate for any other purpose. In particular, but without limiting the foregoing, disclosure in this MD&A as well as statements regarding the Company's objectives, plans and goals, including future operating results and economic performance may make reference to or involve forward-looking statements. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, it can give no assurance that such expectations will prove to have been correct. Certain of the forward-looking statements and other information contained herein concerning the cannabis industry, its medical, adult-use and hemp-based cannabidiol ("CBD") markets, and the general expectations of the Company concerning the industry and the Company's business and operations are based on estimates prepared by the Company 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 which the Company believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While the Company is not aware of any misstatement regarding any industry or government data presented herein, the cannabis industry involves risks and uncertainties that are subject to change based on various factors.

A number of factors could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. You should not place undue reliance on forward-looking statements contained in this MD&A. Such forward-looking statements are made as of the date of this MD&A. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law. The Company's forward-looking statements are expressly qualified in their entirety by this cautionary statement.

OVERVIEW OF THE COMPANY

The Company is a leading producer and distributor of consumer products in cannabis, with a mission to improve lives by providing clarity around cannabis and confidence around consumption. As a vertically integrated, high-growth cannabis operator known for quality, expertise and reliability, the Company and its brands, including Curaleaf, Select and Grassroots, provide industry-leading services, product selection and accessibility across the medical and adult use markets in the U.S. and is headquartered in New York, New York. As of December 31, 2023, in the U.S., the Company had

consolidated operations in 17 states and operated 145 dispensaries, 18 cultivation sites and 24 processing sites, through which the Company sells cannabis through wholesale channels. The Company places a premium on highly populated, limited license states, including Arizona, Connecticut, Florida, Illinois, Maryland, Massachusetts, Nevada, New York, New Jersey, North Dakota and Pennsylvania. As of December 31, 2023, the Company's discontinued operations include four dispensaries, 10 cultivation sites and four processing sites located within California, Colorado, Kentucky, Maine, Michigan and Oregon. In Europe, the Company has a fully integrated medical cannabis business with licensed cultivation in Portugal, three pharma grade cannabis processing and manufacturing facilities in Spain, the U.K. and Germany and licensed medical cannabis distribution in the U.K., Germany and Switzerland. In the U.K., the Company also holds a pharmacy license and operates medical cannabis clinics in England and Scotland, enabling the supply of medical cannabis directly to the patient. Additionally, the Company supplies medical cannabis on a wholesale basis across the region, including into Italy and Germany.

The Company leverages its extensive research and development capabilities to distribute cannabis products with the highest standard for safety, effectiveness, consistent quality and customer care. The Company is committed to leading the industry in education and advancement through research and advocacy. The Company markets to medical and adult use customers through brand strategies intended to build trust and loyalty.

The Company was an early entrant into the U.S. state-legal cannabis industry, which remains one of the fastest growing industries in the U.S. Currently, the Company is a diversified holding company dedicated to delivering market-leading products and services while building trusted national brands within the legal cannabis industry. Through its team of physicians, pharmacists, medical experts and industry innovators, the Company has developed a portfolio of branded cannabis-based therapeutic offerings in multiple formats and a strategic network of branded retail dispensaries.

The Company is operated by an executive team that has significant experience in the cannabis industry and a robust operational and acquisition track-record as to all facets of the Company's operations, which has executed its business plan to rapidly scale its business.

In order to achieve its strategy, the Company has completed several acquisitions since its formation and expects to continue to actively pursue other acquisitions, dispositions and investment opportunities in the future.

Formerly known as Lead Ventures, Inc., the Company was incorporated under the laws of British Columbia, Canada on November 13, 2014. On October 25, 2018, the Company completed a reverse takeover transaction and completed a related private placement, which closed one day prior on October 24, 2018 (collectively, the "Business Combination"). Following the Business Combination, the Company's subordinate voting shares ("SVS") were listed on the Canadian Securities Exchange ("CSE") under the symbol "CURA" and quoted on the OTCQX® Best Market ("OTCQX") under the symbol "CURLF".

On December 14, 2023, the Company's SVS were listed and commenced trading on the Toronto Stock Exchange (the "TSX") under the symbol "CURA" (the "TSX Listing"). In connection with the TSX Listing, the Company's SVS were delisted from the CSE at the close of markets on December 13, 2023.

On December 30, 2022, the Company filed a final short form base shelf prospectus in Canada (the "Base Shelf Prospectus") and on January 3, 2023, filed the Base Shelf Prospectus on a Form F-10 registration statement, (File No 333-269109) (the "Registration Statement"), with the U.S. Securities and Exchange Commission (the "SEC") under the U.S./Canada Multijurisdictional Disclosure System ("MJDS"). The Base Shelf Prospectus and Registration Statement allow the Company to offer up to \$1.0 billion (or the equivalent thereof, at the date of issue, in any other currency, or currencies, as the case may be) worth of SVS, debt securities, subscription receipts, warrants and units, or any combination thereof, from time to time during the 25-month period that the Base Shelf Prospectus and/or Registration Statement are effective (subject to MJDS eligibility). The specific terms of any future offering of securities, including the use of proceeds from any offering, will be established in a supplement to the Base Shelf Prospectus and/or Registration Statement, which will be filed with the applicable Canadian securities regulatory authorities and/or the SEC.

Basis of consolidation

Included in the Consolidated Financial Statements are the following wholly-owned and majority-owned subsidiaries of the Company as well as legal entities in which the Company held a controlling financial interest as of December 31, 2023 and 2022:

Business name	Operations Location	2023	2022
		Ownership % ⁽¹⁾	
Curaleaf International Holdings Limited	Guernsey	68.5%	68.5%
Curaleaf, Inc.	NY	—	100%

(1) Based on % of voting interests held by the Company.

Change in ownership

The Company previously had a 100% investment in a wholly-owned subsidiary, Curaleaf Inc., via its ownership of all of the shares of common stock of Curaleaf, Inc. In connection with the TSX Listing, the Company proceeded with the necessary internal reorganization (the “Reorganization”) of its U.S. operations, in order to meet the conditions set forth in the TSX conditional approval. Among other things, the capital structure of Curaleaf, Inc. was restructured in December 2023, such that it is now comprised of the following three classes of equity:

1. Class A Common Stock (voting, sole share)
2. Class B Common Stock (non-voting, 999 shares)
3. Class C Common Stock (voting, none issued)

Pursuant to such Reorganization, the 100 shares of common stock in Curaleaf, Inc. previously held by the Company was automatically exchanged for 999 shares of Class B Common Stock. The Class B Common Stock does not provide for voting rights but are exchangeable into shares of Class C Common Stock of Curaleaf, Inc., which is voting and participating, at any time. Concurrently with the Reorganization, Curaleaf, Inc. entered into a subscription agreement (the “Subscription Agreement”) with a third party investor not affiliated with the Company (the “Investor”), pursuant to which Curaleaf, Inc. issued the Investor one share of Class A Common Stock in consideration for 254,315 of the SVS then-owned by the Investor that had an aggregate market value of \$1.1 million. Following completion of the Reorganization, the Company holds all of the issued and outstanding Class B Common Stock, representing 99.9% of the economic ownership of Curaleaf, Inc., on an as-converted basis, and the Investor holds all of the issued and outstanding Class A Common Stock of Curaleaf, Inc., representing 100% of the voting rights of Curaleaf, Inc.

As a result of the limited rights associated with the Class B Common Stock, concurrently with the Reorganization, the Company entered into a protection agreement with Curaleaf, Inc. (the “Protection Agreement”) providing for certain negative covenants in order to preserve the value of the Class B Common Stock held by the Company until such time as the Class B Common Stock is converted into Class C Common Stock by the Company, including among other things, prohibitions on Curaleaf, Inc.’s organizational documents amendments, changes to the authorized share capital of Curaleaf, Inc., changes to the board of directors of Curaleaf, Inc., material changes to the business conducted by Curaleaf, Inc. or the making of loans or capital expenditures above certain specified thresholds, the whole except with the prior written consent of the Company or as required by applicable laws. Concurrently with the Reorganization, the Company and the Investor, as shareholders of Curaleaf, Inc., entered into a shareholders agreement with respect to Curaleaf, Inc. (the “Shareholders’ Agreement”), to establish, among other things, the rights and obligations arising out of or in connection with the ownership of the Class A Common Stock and the Class B Common Stock. Under the Shareholders’ Agreement, Curaleaf, Inc. holds a call right to repurchase all of the Class A Common Stock issued to the Investor at any time, and the Investor has the right to appoint a director to the Curaleaf, Inc.’s board of directors and a put right exercisable following the occurrence of certain stated events and after the five (5) year anniversary of the Shareholders’ Agreement subject to certain parameters to ensure the maintaining of the TSX Listing.

Please refer to the Section “*Corporate Structure - TSX Listing and U.S. Reorganization*” of the Annual Information Form for more information about the TSX Listing, the Reorganization and a description of the material terms of the Subscription Agreement, the Protection Agreement and the Shareholders’ Agreement. The Annual Information Form as well as copies of the amended and restated articles of Curaleaf, Inc., the Shareholders Agreement and the Protection Agreement are available under the Company’s profile on SEDAR+ and on EDGAR.

The terms and conditions set forth in the Protection Agreement and the Shareholders' Agreement collectively resulted in the Company retaining a controlling financial interest in Curaleaf, Inc. As a result, the Consolidated Financial Statements continue to include all the accounts of Curaleaf, Inc. and its wholly-owned subsidiaries as well as the legal entities in which Curaleaf, Inc., directly or indirectly, holds a controlling financial interest.

The following table presents the wholly-owned subsidiaries of Curaleaf, Inc. as well as the entities in which Curaleaf, Inc., directly or indirectly, held a controlling financial interest as of December 31, 2023 and 2022:

Business name	Operations Location	2023	2022
		Ownership % ⁽¹⁾	
CLF AZ, Inc.	AZ	100%	100%
CLF NY, Inc.	NY	100%	100%
Curaleaf CA, Inc.	CA	100%	100%
Curaleaf KY, Inc.	KY	100%	100%
Curaleaf Massachusetts, Inc.	MA	100%	100%
Curaleaf MD, LLC	MD	100%	100%
Curaleaf OGT, Inc.	OH	100%	100%
Curaleaf PA, LLC	PA	100%	100%
Focused Investment Partners, LLC	MA	100%	100%
CLF Maine, Inc.	ME	100%	100%
PalliaTech CT, Inc.	CT	100%	100%
CLF Oregon, LLC (formerly PalliaTech OR, LLC)	OR	100%	100%
PalliaTech Florida, Inc.	FL	100%	100%
PT Nevada, Inc.	NV	100%	100%
CLF Sapphire Holdings, Inc.	OR	100%	100%
Curaleaf NJ II, Inc.	NJ	100%	100%
Focused Employer, Inc.	MA	100%	100%
GR Companies, Inc.	IL	100%	100%
CLF MD Employer, LLC	MD	100%	100%
Curaleaf Columbia, LLC (formerly HMS Sales, LLC)	MD	100%	100%
MI Health, LLC	MD	100%	100%
Curaleaf Compassionate Care VA, LLC	VA	100%	100%
Curaleaf UT, LLC	UT	100%	100%
Curaleaf Processing, Inc	MA	100%	100%
Virginia's Kitchen, LLC	CO	100%	100%
Cura CO LLC	CO	100%	100%
Curaleaf DH, Inc.	CA	100%	100%
Curaleaf Stamford, Inc.	CT	100%	100%
CLF Holdings Alabama, Inc.	AL	100%	100%
Primary Organic Therapy, Inc (d/b/a Maine Organic Therapy)	ME	100%	—
Windy City Holding Company, LLC*	IL	—	—
Grassroots OpCo AR, LLC*	AR	—	—
Remedy Compassion Center, Inc*	ME	—	—
Broad Horizon Holdings, LLC*	MA	—	—

(1) Based on % of voting interests held by Curaleaf, Inc. with the exception of the entities which Curaleaf, Inc. consolidates as variable interest entities.

* Consolidated by Curaleaf, Inc. as a variable interest entity.

Non-controlling interests ("NCI")

Non-controlling interests in consolidated subsidiaries represent the component of equity in consolidated subsidiaries held by third parties. Any change in ownership of a subsidiary while the controlling financial interest is retained is accounted for as an equity transaction between the controlling and non-controlling interests. In addition, when a subsidiary is

deconsolidated, any retained non-controlling equity investment in the former subsidiary is initially measured at fair value and the difference between the carrying value and fair value of the retained interest recorded as a gain or loss.

Non-controlling interests with redemption features, such as put options, that are not solely within the Company's control are considered redeemable non-controlling interests. Redeemable non-controlling interests are considered to be temporary equity and are reported in the mezzanine section between total liabilities and shareholders' equity in the consolidated balance sheets. Redeemable non-controlling interests are recorded at the greater of carrying value, which is adjusted for the non-controlling interests' share of net income or loss, or estimated redemption value at the end of the reporting period.

Company Performance and Objectives

The Company is currently active in numerous cannabis programs across the U.S. and internationally. In the U.S., 47 states have legalized some form of legalized cannabis use, including low dose THC/CBD medical programs, for patients with certain qualifying conditions. In most of these medical states, a regulatory framework is in place whereby patients can receive a recommendation from a certified physician to purchase medical cannabis in approved dispensaries. In the U.S., 24 states have legalized cannabis for adult-use. In many of these adult-use states, customers can purchase cannabis from approved dispensaries by providing identification proving the customer is 21 years of age or older. In Europe, only medical cannabis sales are allowed, and product can be sold between jurisdictions.

While the Company seeks to build strong brands and brand recognition, under the current regulatory regime, a key aspect to successful distribution and strong margins is achieving "vertical integration" in each cannabis program in which it operates. Vertical integration means controlling the entire supply chain: from cultivating cannabis to processing the cannabis into oils and other formulated products and, ultimately, to selling the end-product to customers and/or patients.

The Company plans to continue to support the growth of its consolidated U.S. operations via expansion in three dimensions: (1) the acquisition of licenses in limited-license markets, (2) an accrued presence in current markets and (3) the optimization of exposure in mass markets, subject in each case to the requirements of the TSX applicable to the Company and its consolidated group following the Reorganization and the TSX Listing. The Company also plans to continue investing internationally, in an effort to expand its vertically integrated presence in major medical markets across Europe and, as such, position itself to benefit from the potential legalization of adult-use across Europe.

Limited-License Markets. The majority of the markets in which the Company currently operates have formal regulations limiting the number of cannabis licenses that are awarded, thus forming high barriers to entry, limited market participants and protected market share in these limited-license states. Curaleaf intends to apply for new licenses or acquire businesses within limited-license markets in which the Company does not currently operate.

Increasing Presence in Current Markets. The Company plans to grow within its current markets by pursuing opportunities for vertical integration, acquiring additional dispensary licenses and/or entering into production and marketing relationships to further build its brand and expand its distributional footprint. The Company intends to apply for new licenses as available and determined by each jurisdiction.

Optimizing Exposure in Mass Markets. The Company has established itself as a market leader in the U.S. and has become a dominant player due to its competitive pricing, experienced management, strong capitalization and strong brand goodwill. In mass markets, which exhibit a free market dynamic typical of other industries but may be pressured by certain aspects beyond the Company's control (e.g., unfavorable business and/or regulatory environment and/or lack of enforcement against the respective illicit markets), the Company intends to optimize its exposure by rationalizing its operations down to an asset-light structure, where its brands can maintain presence through licensing.

International Expansion. The Company believes it is currently the largest vertically integrated operator in the medical markets of Europe, with leading share in certain of its markets and the broadest overall footprint. The Company will continue to invest in vertical integration across Europe, in the form of licenses, production, medical clinics, brands and products, in order to grow its current share and position itself to benefit from the potential legalization of adult-use cannabis.

The Company expects acquisition-related costs as well as marketing and selling expenses to increase as it expands its presence in current markets and expands into new markets, both domestically and internationally. The Company also expects to achieve operating efficiencies through synergies from acquisitions as well as via economies of scale that will arise through its continued expansion.

Operating Segments

The Company determines its operating segments according to how the business activities are managed and evaluated by the Company's chief operating decision maker ("CODM"). Following a change in the Company's Chief Executive Officer during the second quarter of 2022 and the finalization of the change in the Company's organizational and internal financial reporting structure in 2022, management concluded that the Company had two operating segments, which were also its reportable segments: (i) Domestic operations and (ii) International operations. In October 2023, the Company announced the decision to adopt a decentralized operating model, structured to enhance the partnerships between the Company's regional teams and the Company's shared service teams. The restructure did not change the Company's operating segments. These two operating/reportable segments reflect the manner in which the Company's operations are managed, how the CODM allocates resources and evaluates performance and how the Company's internal management of financial reporting is structured.

Domestic Operations

As of December 31, 2023, Curaleaf, Inc. derives the majority of its revenues from the cannabis industry in certain U.S. states, which industry is illegal under U.S. Federal Law. As of December 31, 2023, over 95% of the Company's consolidated operations are in the U.S. The Company is involved in both the adult use and medical cannabis industry in the states of Arizona, Connecticut, Florida, Illinois, Maine, Maryland, Massachusetts, Missouri, Nevada, New Jersey, New York, North Dakota, Ohio, Pennsylvania and Utah; and has partnered with an accredited medical school and obtained a "clinical registrant" license in Pennsylvania.

For further details on the Company's operations in the U.S., see the section "*Regulatory Environment: Issuers with United States Cannabis-Related Activities – The U.S. States The Company Operates In, Their Legal Framework and How It Affects Our Business*" of this MD&A.

International Operations

In April 2021, the Company completed the acquisition of EMMAC Life Sciences Limited (which has since been renamed Curaleaf International Limited ("Curaleaf International")), the largest vertically integrated independent cannabis company in Europe, and entered key European medical cannabis markets, including in the U.K., Germany, Italy, Spain, Portugal, Switzerland and Malta.

On September 16, 2022, Curaleaf International Holdings Limited ("International Holdings") completed the acquisition of 55% of the outstanding equity interests of Four20 Pharma GmbH ("Four20"), a leading German distributor and manufacturer of medical cannabis.

On July 5, 2023, Terra Verde LDA, a subsidiary of International Holdings, acquired the assets, including all equipment and lease rights, of Clever Leaves' EU-GMP certified cannabis processing and warehousing facility in Setubal, Portugal.

On February 2, 2024, the Company completed the acquisition of all issued and outstanding shares of Can4Med S.A. Can4Med S.A. is Poland's first medical cannabis-specialized wholesaler in Poland, specializing in acquisition, registration and distribution of medical cannabis and products containing THC and other cannabinoids in Poland. The acquisition of Can4Med S.A. provides the Company with the opportunity to continue expanding its international operations.

The Company derives its retail cannabis revenues in the U.K., where it holds a pharmacy license that enables it to fulfil cannabis prescriptions directly to the patient through its online pharmacy. In Germany, the Company supplies cannabis on a wholesale basis to pharmacies and to other distributors. All product that is supplied to Israel is sold to a wholesaler who imports the Company's flower. Refer to the heading "*Risk Factors – General Business Risks – Expansion into Foreign Jurisdictions*" of the Company's AIF for more information on the risks to which the Company's international operations are subjected.

Principal Products and Services

The Company and its affiliates operate in highly regulated markets that require expertise in cultivation, manufacturing, retail operations and logistics. The Company leverages its internal research and development capabilities to assist its state-licensed entities to manufacture cannabis products in multiple formats with high standards for safety, effectiveness, consistent quality and customer care. Currently, the Company cultivates, process, market and/or dispense a wide-range of permitted cannabis products across its operating markets, including: flower, pre-rolls and flower pods, dry-herb vaporizer

cartridges, concentrates for vaporizing, such as pre-filled vaporizer cartridges and disposable vaporizer pens, concentrates for dabbing, such as distillate droppers, mints, topical balms and lotions, tinctures, lozenges, capsules and edibles.

In most of the U.S. and European markets in which the Company operates, its licensed entities are vertically-integrated, meaning the entire supply chain is managed from seed to sale, cultivating cannabis flower, processing the flower into manufactured products and selling the product to registered patients and/or legal adult-use consumers. In most U.S. states in which its licensed entities operate, products are sold under the Curaleaf and Select brands and in Curaleaf dispensaries. The Company is committed to being the industry's leading resource in education and advancement through research and advocacy and is focused on developing a trusted, national brand.

The Company believes that it has developed the in-house resources to ensure its U.S. state-licensed entities maintain best practices in cannabis cultivation, processing and dispensing and are dedicated to staying at the forefront of technology in the industry. The Company continues to invest strategically in infrastructure to ensure its U.S. state-licensed entities maintain low overall production costs and adaptability in their product mix to ensure timely response to the rapidly developing cannabis market. The Company intends to use its footprint to share know-how and technology throughout its operations.

- *Cultivation:* The Company's U.S. cultivation facilities have 289 unique cultivars in the production phase, which have been tested and characterized for yield, cannabinoid content and other properties. Additionally, the Company's state-licensed entities cultivate cannabis using a variety of methods, including greenhouse, outdoor, indoor and two-tier indoor cultivation.
- *Extraction and Purification:* The Company's U.S. extraction facilities use proprietary processes for cannabis and terpene purification. The Company believes its manufacturers are industry leaders in achieving the desired composition of cannabinoids and terpenes in finished products through processing and purification; thereby enabling timely response to trends in medical product formulation.
- *Formulation and Quality Control:* The Company's U.S. processing facilities produce a wide spectrum of solid, liquid and inhaled products utilizing its vast in-house knowledge and experience. By combining expert cultivation, manufacturing and analytical laboratory operations, our processors have developed a complete in-house quality assurance and quality control program. In-house quality assurance enables rapid product development cycles and production of higher quality consumer products.

Research and Development

The Company's research and development activities primarily focus on optimizing cultivation and manufacturing techniques, developing new manufactured products and on understanding the medical benefits of cannabis.

The Company collects data on the number of grams of cannabis flower produced per watt of light, per square foot and per plant. This allows cultivators to gain insights on optimal cultivation methods by adjusting certain variables, such as cannabis strain variety and plant spacing. The Company's cultivators also institute pest management techniques in facilities and document successes and failures, sharing this knowledge across its cultivation operations.

The Company also researches new methods of cannabis extraction for the development of new manufactured products. The Company's research and development activities operate on an on-going basis, as the Company continually seeks to improve current methods for its licensed businesses.

Internationally, the Company continues to develop its clinical research program and in 2021 set up the first bench to bedside medicinal cannabis research and drug development pipeline with basic science and clinical research collaborations across leading universities, including Imperial College and Institute for Cancer Research. This program has included in vitro experiments, which have helped discover the mechanism of action of cannabinoids and terpenes in blocking pain signals. In addition, these experiments have also yielded the optimum ratios of cannabinoids and terpenes best used in the treatment of pain. These experiments have been published across four studies in the Journal of Pain Research and the International Journal of Molecular Sciences between 2021 and 2023.

In addition, the Company has further developed the pioneering U.K. Medical Cannabis Registry (the "**U.K. Registry**"), now the largest European real-world patient registry on medical cannabis prescribing. The U.K. Registry performed two analyses of the Company's own branded and manufactured cannabis medicines for the treatment of pain in UK patients. These analyses revealed positive findings in patients prescribed oils, dried flower and a combination of the Company's

products. The results of the two analyses have been subsequently presented at international scientific conferences and published in the Journal of Clinical Pharmacology in 2022 and the Expert Review of Neurotherapeutics in April 2023. A further study examining the outcomes of the Company's own branded and manufactured medical cannabis oils and dried flower across all conditions highlighted positive outcomes at 12 months in quality of life, sleep quality and anxiety. Three additional evaluations of the Company's medical cannabis products in chronic pain, anxiety and fibromyalgia have also been completed. The results of these were presented at the International Cannabinoid Research Society's annual conference in Toronto in June 2023. They have also all been submitted for peer-reviewed publication, one of which has been accepted in the journal 'International Clinical Psychopharmacology'.

The Company has continued to be an industry leader in publishing real-world evidence in Europe. At present, 21 research publications have arisen from the UK Medical Cannabis Registry, covering chronic pain, anxiety, fibromyalgia, autism spectrum disorder, ADHD, PTSD, depression, inflammatory bowel disease, headaches and childhood epilepsy. This collective research has received two awards to date from the Japanese Society of Neuropsychopharmacology and the journal 'Neuropsychopharmacology Reports'.

In addition, the Company has published 13 further peer-reviewed research articles, of which five have been published in 2023, that demonstrate the value patients place in the Company's own research performed using the UK Medical Cannabis Registry, alongside providing expert commentary on the use of medical cannabis for the treatment of neurological disorders, inflammatory bowel disease, depression and attention-deficit hyperactivity disorder. The Company has published leading opinion pieces on the status of medical cannabis research, in addition to conducting fundamental research on the perceived stigma of medical cannabis patients in the U.K., which is strategically important in the future education of patients, public and healthcare professionals.

In 2023, the Company presented 20 research abstracts across the International Cannabinoid Research Society 2023 conference, the British Pain Society National Meeting and the Society for the Study of Addiction Annual Meeting. Of these, 15 contained outcomes from the Registry. Finally, the Company has a total of 11 studies submitted for peer review at present, with the majority of these expected to be published during the first half of 2024.

Production and Sales

As of December 31, 2023, the Company had 18 cultivation facilities in the U.S. totaling approximately 1.3 million square feet as well as 24 U.S. processing facilities. Each new manufacturing site is built to ISO 8 clean room specifications and employs advanced nutritional and pharmaceutical formulations technology for optimal delivery methods. Each production facility (cultivation and processing) primarily focuses on the commercialization of cannabis products, with a strict focus on quality control and patient care.

The Company's primary method of sales in the U.S. currently occurs through its licensed dispensaries across the U.S. In addition, certain of the Company's dispensaries offer home delivery services across several U.S. states, in compliance in all material respects with all regulations applicable in those U.S. states. In Nevada, Utah and Florida, the Company offers drive-thru service at select dispensaries. In multiple states, the Company's dispensaries offer customers the option to order online to pick-up in store. In Europe, the method of sales occurs through medical cannabis distribution in the U.K., Germany and Switzerland and a medical cannabis pharmacy (direct to patient) in the U.K. as well as by supplying medical cannabis wholesale to several jurisdictions, including Italy and Germany.

The Company aims to expand dispensary e-commerce operations and delivery operations, where permitted, to offer convenient access to its customers and meet the demands of an evolving retail landscape.

Intellectual Property

The Company has spent considerable time and resources to establish premium and recognizable brands amongst consumers and retailers in the cannabis industry. The Company has developed multiple proprietary product formats, technologies and processes to ensure the high quality of licensees' premium cannabis products. These proprietary technologies and processes include its cultivation and extraction techniques, product formulations and cannabis delivery and monitoring systems. While actively determining and pursuing the patentability of these processes and materials, the Company ensures confidentiality through the use of non-disclosure and confidentiality agreements.

The Company has one federally registered patent with the United States Patent and Trademark Office ("USPTO") and one pending patent application. Additionally, as of December 31, 2023, the Company had several registered trademarks and multiple trademarks that have been filed and are pending approval with the USPTO, and the Company is actively pursuing

the filing of additional trademarks. All federal registered trademarks in the U.S. are subject to renewal 10 years from the date of registration. As of December 31, 2023, Curaleaf had 71 state trademark registrations. The Company is actively pursuing the filing of additional trademarks. The Company also has a significant number of trademarks registered and pending in various international jurisdictions.

In addition to its patent and trademarks, the Company owned, as of December 31, 2023, numerous website domains, including www.curaleaf.com, as well as numerous accounts across all major social media platforms.

The Company maintains an in-house legal team, as well as engages outside legal counsel, to actively monitor and identify potential infringements on its intellectual property.

Competitive Conditions

The U.S. cannabis industry is highly competitive. The Company competes on quality, price, brand recognition and distribution strength. The Company's cannabis products compete with other products for consumer purchases, as well as for shelf space in retail dispensaries and wholesaler attention. The Company competes with numerous cannabis producing companies with various business models, from small family-owned operations to multi-billion-dollar market capitalized multi-state operators. In certain markets, there are also a number of illegally operating dispensaries, which serve as competition. In some markets such as New York, the number of illegal retail dispensaries has been publicly reported to far exceed the number of legal (licensed) cannabis dispensaries. Moreover, competition from illegal operators is not limited to the retail market segment itself. The Company maintains an operational footprint primarily in U.S. states with high barriers to entry and limited market participants as a result of the limited availability of state licenses and/or local permitting as well as stringent operating requirements. The majority of the markets in which the Company's licensees operate have formal regulations limiting the number of cannabis licenses that will be awarded, helping to ensure the Company's market share is protected in these limited-market states under the current regulatory framework. The Company also faces competition from a number of companies operating in the European medical cannabis sector and in each specific country where the Company operates and intends to operate.

As cannabis remains federally illegal in the U.S., businesses seeking to enter the industry face additional challenges when accessing capital. Presently, there exists no reliable source of U.S. bank lending or equity capital available to fund operations in the U.S. cannabis sector. Nevertheless, the Company is well-capitalized and believes that the level of expertise and significant capital investment required to operate its large-scale, vertically-integrated cannabis operations make it difficult and inefficient for smaller cannabis operators to enter this sector of the market. As the cannabis industry continues to rapidly expand and its liberalization accelerates, it should be expected that the Company will face competition from other companies, some of which can be expected to have longer operating histories and more financial, production resources, marketing resources and experience than the Company.

For additional details on the competition faced by the Company, refer to the "*Risk Factors*" section in the AIF. For additional details on the U.S. regulatory environment and the U.S. states in which the Company operates, refer to the "*Regulatory Environment: Issuers with United States Cannabis-Related Assets*" section in this MD&A. The Company, through International Holdings, also faces competition from a number of companies operating in the European medical cannabis sector and in each specific country where the Company operates and intends to operate. Refer to the heading "*Risk Factors – General Business Risks – Expansion into Foreign Jurisdictions*" of the AIF.

Components of Our Results of Operations

U.S. Operations

Revenue

Retail and Wholesale Revenue

The Company derives its domestic retail and wholesale revenue in U.S. states in which it is licensed to cultivate, process, distribute and sell cannabis and hemp. The Company sells directly to customers at its retail stores and sells wholesale to third-party dispensaries or processors.

Internationally, the Company also derives retail revenues in the U.K., where it holds a pharmacy license which enables it to fulfil cannabis prescriptions directly to the patient through its online pharmacy. In Germany, the Company supplies

cannabis on a wholesale basis to pharmacies and to other distributors. All products that are supplied to Italy are sold to wholesalers who import the Company's products. Non-cannabis revenues are all derived from wholesale operations in Spain, the U.K., Switzerland and Germany.

For most of its locations, the Company offers a loyalty reward program to its retail dispensary customers that allows customers who enroll in the program to earn reward points at point of sale for use on future purchases. Loyalty reward points earned by the Company's retail customers are recognized as a reduction of revenue at the time of sale. Those earned points are recognized as Accrued expenses on the Consolidated Balance Sheets, until redeemed, expired or forfeited.

Management Fee Income

Management fee income primarily represents revenue related to management services agreements ("MSAs") pursuant to which the Company provides professional services, including cultivation, processing and retail know-how, back-office administration, intellectual property licensing, real estate leasing services and lending facilities to medical and adult-use cannabis licensees. In addition, management fee income includes royalty fees earned on third-party use of certain of the Company's licenses, as well as consultation fees earned in the Company's international operations. The Company recognizes management fee income on a straight-line basis over the term of the associated agreements as services are provided.

Cost of Goods Sold

Cost of goods sold are derived from costs related to the cultivation and production of cannabis and from wholesale purchases made from other licensed producers within U.S. state markets in which the Company operates. Cost of goods sold includes the costs directly attributable to the production of inventory and amounts incurred in the cultivation and manufacture of finished goods, such as flower, concentrates and edibles. Direct and indirect costs include but are not limited to material, labor, supplies, depreciation expense on production equipment, utilities and facilities costs associated with cultivation.

Gross Profit

Gross profit is revenue less cost of goods sold. The Company does not utilize all available capacity, as the Company has built operations ahead of current capacity needs with the expectation that the Company will continue to grow and in preparation of market expansion, due to the introduction of adult-use in certain U.S. states as well as market growth. The Company expects gross profit to increase over the foreseeable future as it continues to invest in its current operations.

Operating Expenses

Domestically, salaries and benefits include non-cost-of-goods sold labor for each retail location and corporate labor expenses. Internationally, salaries and benefits include non-cost-of-goods sold labor for each European market and corporate labor expenses. The Company expects salaries and benefits to increase proportionally with store openings in the foreseeable future, but such operating expenses are expected to level off as operations are scaled in each market.

Domestically, sales and marketing expenses consist of selling costs to support the Company's retail stores, including branding and marketing expenses and product development expenses. The Company expects selling costs to increase proportionally with each retail store opening. Internationally, sales and marketing expenses consist of marketing expenses to support patient and doctor awareness of International Holdings' medical cannabis products and are focused in two key markets, U.K. and Germany. The Company expects selling costs to increase as more markets come online and patient numbers increase in existing markets.

Professional fees consist of accounting, legal and acquisition related expenses. The Company expects these fees to fluctuate as expansion continues and subsequent acquisitions occur.

Other general and administrative expenses consist of travel, general office supplies and monthly services, facilities and occupancy, insurance, director fees and new business development expenses.

Other Income (Expense)

Interest income

The Company had notes receivable with various parties that earned interest income.

Interest expense

Interest expense consists of interest on outstanding borrowings under various promissory note agreements as well as amortization of debt discounts and deferred financing costs.

Other income, net

Other income, net consists of interest expenses related to lease liabilities, gains and losses related to investments, gains and losses on the disposal of assets and liabilities, gains and losses on the extinguishment of debt and impairment losses. In the Company's International operations, *Other income, net* primarily consists of gains and losses incurred in the mark-to-market revaluation of marketable securities held by the Company as well as gains and losses on the disposal of assets and liabilities.

Provision for income taxes

The Company files tax returns as prescribed by the tax laws of the jurisdictions in which it operates. In the normal course of business, the Company is subject to examination by federal, state and foreign jurisdictions, where applicable.

Domestically, as the Company operates in the state-legal cannabis industry, the Company is subject to Section 280E of the Internal Revenue Code ("Section 280E"), which prohibits businesses engaged in the trafficking of controlled substances (within the meaning of Schedule I and II of the CSA, as defined herein) from deducting normal business expenses associated with the sale of cannabis, such as payroll and rent, from gross profit. Section 280E has a significant impact on the retail side of cannabis and a lesser impact on cultivation and manufacturing operations. Section 280E was originally intended to penalize criminal market operators; however, because cannabis remains a Schedule I controlled substance for U.S. federal purposes, the Internal Revenue Service ("IRS") has subsequently applied Section 280E to state-legal cannabis businesses. The effective tax rate on a cannabis business depends on how large its ratio of non-deductible expenses is to its total revenues. Certain states in which the Company operates align their tax codes with Section 280E; therefore, restricting the Company from deducting normal business expenses for state tax purposes. This results in permanent differences between ordinary and necessary business expenses deemed non-allowable and a higher effective tax rate than most industries.

SELECTED ANNUAL INFORMATION

The following table sets forth selected financial information for the years indicated that was derived from our Financial Statements and the respective accompanying notes prepared in accordance with GAAP. See "*Results of Operations for the Years ended December 31, 2023 and 2022*" in this MD&A for additional details.

The consolidated financial information set out below may not be indicative of the Company's future performance:

	Year Ended December 31, ⁽¹⁾			Variance			
				2023 vs. 2022		2023 vs. 2021	
	2023	2022	2021	\$	%	\$	%
Revenues, net	\$ 1,346,632	\$ 1,275,420	\$ 1,195,987	\$ 71,212	6 %	\$ 150,645	13 %
Cost of goods sold	732,183	649,001	626,156	83,182	13 %	106,027	17 %
Gross profit	614,449	626,419	569,831	(11,970)	(2)%	44,618	8 %
Operating expenses	571,566	561,431	511,258	10,135	2 %	60,308	12 %
Other expense, net	(167,249)	(151,476)	(120,770)	(15,773)	10 %	(46,479)	38 %
Income tax expense	(114,589)	(178,822)	(152,445)	64,233	(36)%	37,856	(25)%
Net loss from continuing operations	(238,955)	(265,310)	(214,642)	26,355	(10)%	(24,313)	11 %
Net loss from discontinued operations	(51,382)	(111,622)	—	60,240	(54)%	(51,382)	100 %
Net loss	\$ (290,337)	\$ (376,932)	\$ (214,642)	\$ 86,595	(23)%	\$ (75,695)	35 %
Loss per share attributable to Curaleaf Holdings, Inc. - basic and diluted	\$ (0.39)	\$ (0.52)	\$ (0.29)	\$ 0.13	(25)%	\$ (0.10)	34 %

⁽¹⁾ The years ended December 31, 2023 and 2022 are as presented within the Consolidated Financial Statements and have been restated for discontinued operations, first announced on January 26, 2023, pursuant to ASC 205, *Presentation of Financial Statements*. The year ended December 31, 2021 is as originally filed with SEDAR+ and EDGAR on March 9, 2022.

The following tables summarize revenue by segment for the years ended December 31, 2023, 2022 and 2021:

	Year ended December 31,			Variance			
				2023 vs. 2022		2023 vs. 2021	
	2023	2022	2021	\$	%	\$	%
Domestic revenues, net:							
Retail revenue	\$ 1,076,101	\$ 991,316	\$ 854,418	\$ 84,785	9 %	\$ 221,683	26 %
Wholesale revenue	206,600	246,414	320,975	(39,814)	(16)%	(114,375)	(36)%
Management fee income	2,924	3,256	1,825	(332)	(10)%	1,099	60 %
Total domestic revenues, net	\$ 1,285,625	\$ 1,240,986	\$ 1,177,218	\$ 44,639	4 %	\$ 108,407	9 %

	Year ended December 31,			Variance			
				2023 vs. 2022		2023 vs. 2021	
	2023	2022	2021	\$	%	\$	%
International revenues, net:							
Retail revenue	\$ 21,071	\$ 10,220	\$ 5,541	\$ 10,851	106 %	\$ 15,530	280 %
Wholesale revenue	37,006	22,628	12,736	14,378	64 %	24,270	191 %
Management fee income	2,930	1,586	492	1,344	85 %	2,438	496 %
Total international revenues, net	\$ 61,007	\$ 34,434	\$ 18,769	\$ 26,573	77 %	\$ 42,238	225 %

The following table summarizes total assets and long-term financial liabilities as of December 31, 2023 and 2022:

	As of	
	December 31, 2023	December 31, 2022
Total assets	\$ 3,096,576	\$ 3,414,560
Long-term liabilities	1,431,250	1,516,874

KEY DEVELOPMENTS DURING THE YEAR ENDED DECEMBER 31, 2023

- During the year ended December 31, 2023, the Company opened nine new retail locations, closing the year with 145 retail locations and serviced 910 wholesale partner accounts.
- On December 29, 2023, the Company entered into an agreement with the lenders under the Bloom Note – 2024, pursuant to which the Bloom Note – 2024 was restructured into a partially convertible secured promissory note (the “Restructured Bloom Note”) payable in cash and SVS, subject to the approval of the TSX. The Restructured Bloom Note has a principal of \$47.5 million that is comprised of an installment amount of \$31 million (the “Installment Amount”), payable in ten equal installments between January 18, 2024 and October 18, 2024, and a conversion amount of \$16.5 million (the “Conversion Amount”), which has a maturity date of January 18, 2025 (the “Conversion Amount Maturity Date”). The Installment Amount bears interest of 10%. Subject to the approval of the TSX, the Bloom lenders have the right to convert the Conversion Amount in its entirety into SVS at any point up to the maturity date using a conversion price of \$3.8528 (the “Conversion Price”), which would result in the issuance of 4,282,599 SVS (the “Conversion Shares”) to the Bloom lenders. Subject to the approval of the TSX, in the event that the trading price of the SVS is less than the Conversion Price at the close of business on the trading day prior to the Conversion Amount Maturity Date, the Company may elect to satisfy the Conversion Amount through the issuance of the Conversion Shares to the Bloom lenders. This transaction resulted in a loss on extinguishment of debt of \$1.4 million, which the Company recognized in Other income (expense) on the Consolidated Statements of Operations.
- On December 12, 2023, the Company commenced sales of wholesale adult use products across the state of New York.
- On December 12, 2023, the Company announced it had complied with all the conditions listed in the conditional listing approval delivered by the TSX in connection with the listing of its SVS on the TSX. The Company’s SVS commenced trading on the TSX on December 14, 2023 under the symbol “CURA” (the “TSX Listing”). In connection with the TSX Listing, the SVS were delisted from the CSE at the close of markets on December 13, 2023.
- In November 2023, the Company signed a definitive agreement to sell 100% of the outstanding capital stock of Phytoscience Management Group, Inc. to Zenbarn Ventures, Inc. (“Zenbarn”) for cash consideration of \$2.8 million, subject to working capital adjustments. In connection with the sale, the Company also signed an interim management services agreement with Zenbarn to provide certain administrative and operational support services. The sale, which remains contingent on regulatory approval, is expected to be completed by the quarter ended June 30, 2024.
- The Company signed a definitive agreement to sell its rights to the assets of Curaleaf Maine Adult Use, Inc. to Dirigo Naturals, LLC (“Dirigo”) in November 2023. The purchase agreement includes cash consideration of \$0.1 million and the assumption of select liabilities. In connection with the sale, the Company also signed an interim management services agreement with Dirigo to operate the business on behalf of the Company. Closing of the sale, which remains contingent on regulatory approval, is expected to occur by the end of the quarter ending March 31, 2024. During the year ended December 31, 2023, the Company recorded a loss on disposal of \$0.4 million.
- On October 13, 2023, the Company issued to the Four20 sellers 701,531 SVS as a “true up” payment due on the first anniversary of the closing of the Four20 acquisition in accordance with the share purchase agreement governing such acquisition.
- On October 12, 2023, the Company issued to the seller under the Tryke Acquisition (as defined herein) 5,142,919 SVS as part of the installment consideration payment due on the first anniversary of the closing of acquisition, pursuant to the Membership Purchase Agreement, signed November 8, 2021 and amended on October 4, 2022.
- In order for the Company to comply with the conditions precedent to the TSX Listing, on October 3, 2023, the Company announced the closing of its marketed offering of SVS for total gross proceeds to the Company of C\$16.2 million. The SVS were offered in each of the Provinces of Canada, other than Québec, pursuant to a prospectus supplement dated September 28, 2023 to the Base Shelf Prospectus and in the U.S. on a private placement basis to “qualified institutional buyers” pursuant to exemptions from the registration requirements of the U.S. Securities Act of 1933, as amended (the “Securities Act”) and applicable state securities laws.
- During the quarter ended September 30, 2023, the Company committed to a planned closure of its operations in Kentucky and Michigan and of its adult-use operations in Maine. These planned closures represent a strategic shift

that will have a major effect on the Company's operations and financial results. These discontinued operations are a component of the Company's domestic reportable segment.

- Effective August 25, 2023, the Company entered into an asset-based revolving credit facility with East West Bank ("EWB"), under which it subsequently borrowed \$6.5 million (the "EWB Promissory Note"). The EWB Promissory Note bears interest at a rate of 6% per annum, with interest payments due monthly, and has a maturity date of August 25, 2024.
- Effective July 7, 2023, the Company began adult-use cannabis sales at its dispensary in Groton, Connecticut.
- On July 5, 2023, Terra Verde LDA, a subsidiary of International Holdings, acquired the assets of Clever Leaves' EU-GMP certified cannabis processing facility in Setubal, Portugal.
- On July 1, 2023, the effective date of the legalization of adult-use cannabis in Maryland, the Company began adult-use cannabis sales at its four Maryland dispensaries.
- The Company signed an asset purchase agreement, effective July 1, 2023, for the sale of its operations in Oregon to Hotbox Farms LLC ("Hotbox Farms"). The sale, which remains subject to regulatory approval, is expected to be completed by the end of the quarter ending March 31, 2024. In connection with this sale, the Company also signed a MSA with Hotbox Farms to provide certain administrative and operational support services and a licensing agreement to use certain of its intellectual property.
- During the second quarter of 2023, the Company completed a sale of certain discontinued operations in Colorado and recorded a pre-tax loss of \$2.0 million.
- On April 13, 2023, the Board of the New Jersey Cannabis Regulatory Commission (the "CRC Board"), at its regularly scheduled meeting, failed to renew the Company's cannabis adult-use license for cultivation and processing as well as the adult-use licenses for two of its three dispensaries in New Jersey (the CRC Board's failure to renew did not affect the Company's medical cannabis licenses), despite the conclusion by the director and staff of the CRC that the Company had met all the conditions for license renewal and their recommendation that its adult-use licenses be renewed. The Company appealed the CRC Board's decision on April 14, 2023 and, on April 17, 2023, after a required 48-hour waiting period, filed a motion for an injunction with the New Jersey Courts (the "NJ Court") to maintain its adult-use licenses. On April 17, 2023, prior to the review of the application for an injunction by the NJ Court, the CRC Board held an emergency meeting that resulted in the renewal of the Company's adult-use licenses, subject to certain conditions. If the CRC Board determines that the Company has failed to satisfy these conditions, the CRC Board may, subject to normal due process, issue any penalties allowable under applicable regulations, inclusive of fines and/or the revocation of its renewed adult-use licenses. The Company believes it has met those conditions and/or the CRC Board acted outside its authority in imposing such conditions. For additional information, please refer to the material change report dated April 22, 2023, a copy of which is available on SEDAR+ (www.sedarplus.ca) and EDGAR (www.sec.gov/edgar) under the Company's profile.
- On April 10, 2023, the Company completed the acquisition of Deseret Wellness LLC, the largest cannabis retail operator in Utah, for consideration of cash and stock valued in the aggregate at approximately \$20 million.
- On January 26, 2023, the Company announced its planned closure of a majority of its operations in California, Colorado and Oregon as well as the consolidation of their cultivation and processing operations in Massachusetts to a single facility in Webster that will ultimately result in the full closure of its Amesbury facility. These planned closures represent a strategic shift in the Company's operations that is anticipated to have a major effect on the Company's operations and financial results. The closures related to California, Colorado and Oregon, met ASC 205 held for sale criteria and qualify as discontinued operations under ASC 205.
- On January 10, 2023, the Company received a hybrid producer license from Connecticut's Department of Consumer Protection, and on January 27, 2023, the Company launched adult-use cannabis sales at its dispensary in Stamford, Connecticut followed by the adult-use cannabis sales at its Hartford, Connecticut dispensary on March 1, 2023.

KEY DEVELOPMENTS SUBSEQUENT TO DECEMBER 31, 2023

Four20 Loan Agreement

On January 1, 2024, Four20 converted €0.8 million of overdue accounts receivable of its customer, Canymed GmbH ("Canymed"), into a note receivable in the amount of €0.8 million. The note assures collectability of the overdue accounts receivable outstanding and is secured by collateral of assets in an amount equal to the outstanding balance. The note is

inclusive of interest of 8% and is payable as a lump sum on June 30, 2024. Canymed can elect to make prepayments, in minimum installments of €0.1 million.

Acquisition of Dark Heart Nursery

On January 17, 2024, the Company acquired all assets of Grace & Co. (dba Dark Heart Nursery) via forgiveness of a \$7.0 million promissory note made to Grace & Co and additional consideration of \$1.0 million, as well as 100% of the equity of a small cultivation facility from Half Moon Nursery, Inc. for consideration of \$0.7 million. The acquisition of the Grace & Co. assets provides the Company with the opportunity to continue expanding its domestic and international operations as assets consisted of proprietary cannabis genetics and know-how (including all equipment and lease rights associated with Dark Heart Nursery's laboratory), the strains from which will be distributed to the Company's various other cultivation facilities, both domestic and international.

Supply Agreement Amendment with Northern Green Canada, Inc.

On January 23, 2024, the Company amended and restated its Strain Exclusivity Supply Agreement with Northern Green Canada, Inc. ("NGC") in order for NGC to be able to meet the supply demands of the Company for its European operations, especially in the U.K. and Germany. Under the Amendment, the Company agrees to advance NGC a total of \$0.8 million to be used by NGC for the sole purpose of financing the construction and working capital related to a new grow room. The new grow room will be used to increase NGC's growing capacity for certain designated products to be supplied to the Company. The grow room is expected to be completed within six months after the start of construction. The advance will be reimbursed by NGC to the Company through rebates on the supply of the products to be grown in the new grow room to be purchased by the Company.

Can4Med S.A. Acquisition

On February 2, 2024, the Company completed the acquisition of all issued and outstanding shares Can4Med S.A. Can4Med S.A. is the first medical cannabis-specialized wholesaler in Poland, specializing in acquisition, registration and distribution of medical cannabis and products containing THC and other cannabinoids in Poland. The acquisition of Can4Med S.A. provides the Company with the opportunity to continue expanding its International operations. As of the filing date of the Consolidated Financial Statements, the determination of the purchase price allocation is still pending. The Company is in the process of finalizing the valuation of identifiable assets acquired and liabilities assumed. Management expects to complete the purchase price allocation by the quarter ending March 31, 2024.

RESULTS OF OPERATIONS – CONSOLIDATED

Years Ended December 31, 2023 and 2022

The following table summarizes the Company's results of operations for the years ended December 31, 2023 and 2022.

	Year ended December 31,		Variance	
	2023	2022	2023 vs. 2022	
			\$	%
Revenues, net:				
Retail revenues	\$ 1,097,172	\$ 1,001,536	\$ 95,636	10 %
Wholesale revenues	243,606	269,042	(25,436)	(9)%
Management fee income	5,854	4,842	1,012	21 %
Total revenues, net	1,346,632	1,275,420	71,212	6 %
Cost of goods sold	732,183	649,001	83,182	13 %
Gross profit	614,449	626,419	(11,970)	(2)%
Gross profit margin	46 %	49 %		
Operating expenses	571,566	561,431	10,135	2 %
Income from operations	42,883	64,988	(22,105)	(34)%
Total other expense, net	(167,249)	(151,476)	(15,773)	10 %
Loss before provision for income taxes	(124,366)	(86,488)	(37,878)	44 %
Provision for income taxes	(114,589)	(178,822)	64,233	(36)%
Net loss from continuing operations	(238,955)	(265,310)	26,355	(10)%
Net loss from discontinued operations	(51,382)	(111,622)	60,240	(54)%
Net loss	(290,337)	(376,932)	86,595	(23)%
Less: Net loss attributable to non-controlling interest	(9,140)	(6,833)	(2,307)	34 %
Net loss attributable to Curaleaf Holdings, Inc.	\$ (281,197)	\$ (370,099)	\$ 88,902	(24)%

Comparison of the Years Ended December 31, 2023 and 2022

Revenues

Revenue for the year ended December 31, 2023 was \$1,346.6 million, an increase of \$71.2 million, or 6%, compared to revenues of \$1,275.4 million, for the year ended December 31, 2022. The increase in revenues was driven by an increase of \$95.6 million in retail revenues, which was partially offset by a decrease of \$25.4 million in wholesale revenues. The increase in retail revenues was primarily due to the positive impact from the Tryke acquisition completed in the fourth quarter of 2022, the Deseret acquisition completed in the second quarter of 2023, organic growth resulting from the opening of several new dispensaries in the U.S. and the commencement of adult-use sales in New Jersey, Maryland, Connecticut and New York. Offsetting the increase in retail revenues was the negative impact of market conditions, limited supply available for wholesale sales and increased competition amongst wholesalers. International operations contributed approximately \$26.6 million of the increase in the Company's revenues.

Cost of goods sold

Cost of goods sold for the year ended December 31, 2023 was \$732.2 million, an increase of \$83.2 million or 13%, compared to cost of goods sold of \$649.0 million for the year ended December 31, 2022. The increase in cost of goods sold correlated with the increase in revenue as discussed above. Additionally, cost of goods sold for December 31, 2023, was burdened by unabsorbed costs associated with capacity reductions in certain operational facilities and inventory valuation adjustments.

Gross profit

Gross profit for the year ended December 31, 2023 was \$614.4 million, or 46% of revenue, compared to \$626.4 million, or 49% of revenue, for the year ended December 31, 2022. The change in gross profit is directly attributable to the drivers of the changes in revenue and cost of goods sold as described above.

Operating expenses

	Year ended December 31,		Variance	
	2023 vs. 2022			
	2023	2022	\$	%
Salaries and benefits	\$ 206,787	\$ 211,426	\$ (4,639)	(2)%
Sales and marketing	41,992	39,747	2,245	6 %
Rent and occupancy	48,983	49,824	(841)	(2)%
Travel	5,741	10,575	(4,834)	(46)%
Professional fees	38,631	32,820	5,811	18 %
Office supplies and services	22,616	27,832	(5,216)	(19)%
Other	50,023	47,656	2,367	5 %
Total selling, general and administrative expense	414,773	419,880	(5,107)	(1)%
Depreciation and amortization	136,783	113,534	23,249	20 %
Share-based compensation	20,010	28,017	(8,007)	(29)%
Total operating expenses	<u>\$ 571,566</u>	<u>\$ 561,431</u>	<u>\$ 10,135</u>	<u>2 %</u>

Total operating expenses for the year ended December 31, 2023 were \$571.6 million, an increase of \$10.1 million, or 2%, compared to \$561.4 million for the year ended December 31, 2022. Total operating expenses represented 42% and 44% of total revenues for the years ended December 31, 2023 and 2022, respectively. The increase in total operating expenses was primarily attributable to organic and acquisitional growth Company during the year ended December 31, 2023, as described in the revenues section above. The Company opened nine new retail locations, commenced adult-use sales in New Jersey, Maryland, Connecticut and New York, and continued to make strategic acquisitions and dispositions during the year ended December 31, 2023. The operating expenses most unfavorably impacted by these operational developments included Depreciation and amortization. In addition, Professional fees increased primarily as a result of certain unique transactions, such as the restatement of prior period financials and the TSX Listing. Offsetting these increased operating expenses were reductions in Travel, Office supplies and services and Salaries and benefits, as a result of various cost savings initiatives implemented in 2023.

Other expense, net

	Year ended December 31,		Variance	
	2023 vs. 2022			
	2023	2022	\$	%
Interest income	\$ 23	\$ 136	\$ (113)	(83)%
Interest expense	(57,966)	(55,201)	(2,765)	5 %
Interest expense related to lease liabilities and financial obligations	(42,416)	(33,641)	(8,775)	26 %
Loss on impairment	(67,076)	(82,615)	15,539	(19)%
Other income, net	186	19,845	(19,659)	(99)%
Total other expense, net	<u>\$ (167,249)</u>	<u>\$ (151,476)</u>	<u>\$ (15,773)</u>	<u>10 %</u>

Total other expense, net for the year ended December 31, 2023 was \$167.2 million, compared to \$151.5 million for the year ended December 31, 2022. The net increase in total other expense totaling \$15.8 million is primarily attributable to the gains on investments recognized in the prior year related to the Grassroots and EMMAC Life Sciences Limited (“EMMAC”) acquisitions, which was significantly higher than the gain on investments recognized in the current year related to the Company’s acquisition of Deseret Wellness (“Deseret”) and Clever Leaves’, partially offset by losses resulting from disposals of assets as a result of the Company’s discontinued operations. In addition, interest expense related to lease liabilities and financial obligations increased from prior year due to financial obligations incurred to fund organic expansion of the Company’s existing cultivation and processing facilities in certain states, as well as growth in its retail footprint with the opening of several new retail dispensaries subsequent to December 31, 2022.

Provision for income taxes

The Company recorded income tax expense of \$114.6 million for the year ended December 31, 2023, a decrease of \$64.2 million, or 36%, compared to \$178.8 million in the prior year. The decrease was primarily due to the release of uncertain tax positions as a result of the expiration of the statute of limitations for the 2019 tax year, a decrease in valuation allowances for the 2023 tax year and the benefit of certain states decoupling from Internal Revenue Code Section 280E.

Net loss from continuing operations

Net loss from continuing operations for the years ended December 31, 2023 and 2022 was \$239.0 million and \$265.3 million, respectively, which represents a decrease in loss of \$26.4 million, or 10%. The decrease in net loss from continuing operations is the result of the aggregate net impact of the aforementioned factors discussed in the “Results of Operations” section of this MD&A.

Net loss from discontinued operations

Net loss from discontinued operations for the years ended December 31, 2023 and 2022 was \$51.4 million and \$111.6 million, respectively, which represents a decrease in loss of \$60.2 million, or 54%. The decrease in net loss from discontinued operations, net of tax was primarily due to the Company’s decision in 2023 to exit operations and market the net assets of its operating entities in California, Colorado, Kentucky, Maine (adult-use only), Michigan and Oregon. During the year ended December 31, 2023, the Company incurred restructuring-related expenses, such as losses from impairment of assets as the Company disposed and/or wound down its operations in the aforementioned states.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

Liquidity and Capital Resources

The Company’s primary need for liquidity is to fund working capital requirements of the business, capital expenditures, acquisitions, debt service and for general corporate purposes. To date, the Company’s primary source of liquidity has been from funds generated by financing activities, including the private placement completed in connection with the Company’s Business Combination, the private placement of SVS completed in July 2020, the overnight marketed public offering of SVS completed in January 2021, the private placement of \$475 million aggregate principal amount of Senior Secured Notes – 2026 (as defined below) completed in December 2021 and the overnight marketed public offering of SVS completed on October 3, 2023. The Company’s ability to fund the Company’s operations, to make planned capital expenditures, to complete planned acquisitions, to make scheduled debt and lease payments and to repay or refinance indebtedness depends on future operating performance and cash flows, which are subject to prevailing economic conditions and financial, business and other factors, some of which are beyond the Company’s control. See the “*Financial Instruments and Financial Risk Management*” and “*Risk Factors*” sections herein for additional details.

As of December 31, 2023, the Company had \$91.8 million of Cash and cash equivalents and negative working capital of \$75.4 million (current assets minus current liabilities), compared with \$163.2 million of Cash and cash equivalents and \$155.6 million of working capital as of December 31, 2022. The decrease of \$231.0 million in working capital was primarily due to decreases in cash on hand, inventories and assets held for sale at December 31, 2023, as compared to December 31, 2022.

The Company is generating cash from asset sales and dispositions and is investing its capital reserves in current operations and new acquisitions that are expected to generate additional earnings in the long term.

The Company expects that its cash on hand and cash flows from operations, along with private and/or public financing, will be adequate to meet its capital requirements and operational needs for the next 12 months.

Recent Financing Transactions

Senior Secured Notes – 2026

In December 2021, the Company closed on a private placement of senior secured notes due 2026, for aggregate gross proceeds of \$475.0 million (“Senior Secured Notes – 2026”). The note indenture dated December 15, 2021, governing the Senior Secured Notes – 2026 (the “Note Indenture”) enables the Company to issue additional senior secured notes on an

ongoing basis as needed, subject to maintaining leverage ratios and complying with other terms and conditions of the Note Indenture. The principal restrictions on incurring indebtedness include the requirement that a fixed charge coverage ratio of 2.5:1 and consolidated debt to consolidated EBITDA ratio of 4:1 be maintained when taking into account the incurrence of additional debt. The issue of additional Senior Secured Notes or other debt pari passu to the existing notes is permitted provided that the consolidated secured debt to consolidated EBITDA ratio of 3:1 is maintained when taking into account the incurrence of additional debt and certain other conditions are met. The Company and certain of its guarantor subsidiaries are required to grant a first lien security interest in their respective assets to the trustee appointed under the Note Indenture, including assets acquired after the issue of the Notes, subject to limited exceptions. Despite the first lien granted to the holders of the Notes, the Note Indenture permits the Company to grant a more senior lien to secure up to \$200.0 million of additional financing from commercial banks, providing for revolving credit loans, provided that the interest rate applicable to such revolving credit loans shall be lower than the interest rate applicable to the Senior Secured Notes – 2026.

The Senior Secured Notes – 2026 bear interest on the unpaid principal amount at a rate of 8% per annum, compounded semi-annually and payable in arrears on June 15th and December 15th of each year during the term of the Senior Secured Notes – 2026; the first of which was June 15, 2022.

The Senior Secured Notes – 2026 may be redeemed early but are subject to a prepayment premium dependent on the loan year. Any redemption made before June 15, 2023 will incur a penalty ranging from 8% to a maximum of 35% of the aggregate principal amount of notes issued under the Note Indenture (including any additional notes issued thereunder) may be redeemed with the net cash proceeds of one or more equity offerings that occurred within the prior 90 days. All or part of the outstanding Senior Secured Notes – 2026 may be redeemed between June 15, 2023 and June 14, 2024, with a premium of 4%; between June 15, 2024 and June 14, 2025, with a premium of 2%, or June 15, 2025 or after, without a premium.

In December 2023, in connection with the TSX Listing, the Note Indenture was amended pursuant to a second supplemental indenture dated December 12, 2023, in order to facilitate the implementation of the Reorganization. Copies of the Note Indenture and the second supplemental indenture are available on the Company's SEDAR+ profile at www.sedarplus.ca and on its EDGAR profile at www.sec.gov/edgar.

Bloom Notes

In connection with the Bloom acquisition, the Company issued three sets of secured promissory notes (collectively, the "Bloom Notes") to the former Bloom owners in the aggregate of \$160 million. The first set of secured promissory notes totaling \$50 million matured in January 2023 (the "Bloom Note - 2023"); the Bloom Note - 2023 bore interest at the rate of 6% per annum and interest payments were due quarterly. The second set of promissory notes totaling \$50 million was due to mature in January 2024 (the "Bloom Note - 2024") and bore interest at the rate of 6% per annum, with interest payments due quarterly.

The third set of promissory notes are convertible promissory notes with a principal amount totaling \$60 million that matures in January 2025 (the "Bloom Note - 2025") and bear interest at a rate of 4% per annum. Interest payments are not required until maturity, when all principal and accrued interest will be due. At the option of the sellers of Bloom, the third set of promissory notes may be paid by the Company issuing SVS at maturity.

There are no prepayment penalties on the Bloom Notes.

As part of a settlement agreement reached on March 21, 2023, between the Company and the former owners of Bloom, the parties to the settlement agreement agreed to reduce the future principal payments of the Bloom Note – 2023 and Bloom Note – 2024 by \$10.0 million in the aggregate. The principal of the Bloom Note - 2023 was reduced by \$6 million to \$44 million, which equaled the principal payment the Company made in January 2023 with respect to the Bloom Note - 2023. The remaining \$4 million was applied to reduce the principal of the Bloom Note - 2024 to \$46 million. This transaction resulted in a Gain on modification of debt of \$3.3 million, which the Company recognized in Other income, net on the Consolidated Statements of Operations.

On December 29, 2023, the Company entered into an agreement with the lenders under the Bloom Note - 2024, pursuant to which the Bloom Note - 2024 was restructured into a partially convertible secured promissory note (the "Restructured Bloom Note") payable in cash and SVS, subject to the approval of the TSX. The Restructured Bloom Note has a principal of \$47.5 million that is comprised of an Installment Amount of \$31 million, payable in ten equal monthly installments

between January 18, 2024 and October 18, 2024 and which bears interest of 10% and an interest-free Conversion Amount of \$16.5 million, which has a maturity date of January 18, 2025. Subject to the approval of the TSX, the Bloom lenders have the right to convert the Conversion Amount in its entirety into SVS at any point up to the maturity date using a conversion price of \$3.8528; which would result in the issuance of 4,282,599 SVS to Bloom lenders. Subject to the approval of the TSX, and in the event that the trading price of the SVS is less than the Conversion Price, at the close of business on the trading day prior to the Conversion Amount Maturity Date, the Company may elect to satisfy the Conversion Amount through issuance of the Conversion Shares to the Bloom lenders.

Asset-based revolving credit facility

Effective August 25, 2023, the Company entered into an asset-based revolving credit facility with East West Bank, under which the Company subsequently borrowed \$6.5 million. The EWB Promissory Note bears interest at a rate of 6% per annum, with interest payments due monthly, and has a maturity date of August 25, 2024. The credit facility is secured by the Company's deposit account at EWB. As of and for the year ended December 31, 2023, the Company was in compliance with its debt covenants. The Company recognized interest expense under the Asset-based revolving credit facility of \$0.1 million for the year ended December 31, 2023.

Equity Offering

In order for the Company to comply with the conditions precedent to the TSX Listing, on October 3, 2023, the Company closed a marketed offering of SVS, for total gross proceeds to the Company of C\$16.2 million. The SVS were offered in each of the Provinces of Canada, other than Québec, pursuant to a prospectus supplement dated September 28, 2023, to the Company's base shelf prospectus dated December 30, 2022 and, in the U.S., on a private placement basis to "qualified institutional buyers" pursuant to exemptions from the registration requirements of the Securities Act and applicable state securities laws.

Cash Flows

The following table summarizes the sources and uses of cash for each of the periods presented:

	Year ended December 31,		Variance	
	2023	2022	\$	%
Net cash provided by (used in) operating activities from:				
Continuing operations	\$ 91,244	\$ 67,722	\$ 23,522	35 %
Discontinued operations	(15,983)	(21,319)	5,336	(25)%
Net cash provided by operating activities	75,261	46,403	28,858	62 %
Net cash (used in) provided by investing activities from:				
Continuing operations	(80,953)	(210,184)	129,231	(61)%
Discontinued operations	2,266	(9,696)	11,962	(123)%
Net cash used in investing activities	(78,687)	(219,880)	141,193	(64)%
Net cash (used in) provided by financing activities from:				
Continuing operations	(66,994)	41,813	(108,807)	(260)%
Discontinued operations	(23)	(19)	(4)	21 %
Net cash (used in) provided by financing activities from continuing operations	(67,017)	41,794	(108,811)	(260)%
Net increase in restricted cash	—	—	—	— %
Net decrease in cash, cash equivalents and restricted cash	<u>\$ (70,443)</u>	<u>\$ (131,683)</u>	<u>\$ 61,240</u>	<u>(47)%</u>

Operating Activities

The Company's operating activities provided \$75.3 million and \$46.4 million of cash during the year ended December 31, 2023 and 2022, respectively. For the year ended December 31, 2023, cash provided by operating activities from continuing operations was primarily attributable to income from operations, partially offset by cash payments for taxes, operating and finance lease liabilities and debt service during the period. For the year ended December 31, 2022, cash provided by operating activities was driven by timing of vendor payments along with decreases in Inventories, net consistent with the Company's inventory management rationalization and strategy in 2022.

Investing Activities

The Company's investing activities used \$78.7 million and \$219.9 million during the year ended December 31, 2023 and 2022, respectively. For the year ended December 31, 2023, cash used in investing activities from continuing operations was primarily attributable to purchases of property and equipment. For the year ended December 31, 2022, cash used in investing activities was primarily attributable to cash payments in connection with acquisitions the Company completed in 2022 as well as purchases of property and equipment. See *Note 4 — Acquisitions* of the Consolidated Financial Statements for further detail.

Financing Activities

The Company's financing activities used \$67.0 million of cash during the year ended December 31, 2023 and provided \$41.8 million of cash during the year ended December 31, 2022. For the year ended December 31, 2023, cash used in financing activities was primarily due to principal payments on the Company's finance leases, long-term debt and deferred consideration resulting from acquisitions in prior years. For the year ended December 31, 2022, cash provided by financing activities was driven by proceeds received from financing transactions related to failed sale leaseback arrangements of \$65.2 million.

Contractual Obligations and Commitments

The Company leases space for its offices, cultivation centers and retail dispensaries. Real estate leases typically include extension options for a period of 1–10 years. Some dispensary and office space leases include extension options exercisable up to one year before the end of the initial cancellable lease term. Typically, the option to renew the lease is for an additional period of 5 years after the end of the initial lease term and is at the option of the Company. Lease payments are in substance fixed, and certain real estate leases include annual escalation clauses with reference to an index or contractual rate.

The Company has historically entered into transactions where real estate property or equipment is sold and leased back from the buyer. These transactions are evaluated to determine if sale-leaseback accounting criteria are met. If the Company determines that it has retained control of the property or equipment, the Company records the financed lease asset in "Property and equipment, net" and a corresponding financial obligation in "Financing lease obligations" on its Consolidated Balance Sheet. The Company allocates each lease payment between a reduction of the lease obligation and interest expense using the effective interest method.

The Company leases machinery and equipment under leases that are of low-value or short-term in nature and therefore no ROU assets and lease liabilities are recognized for these leases. Expenses recognized relating to short-term leases and leases of low value during the years ended December 31, 2023 and 2022 were immaterial.

Amounts in the table below reflect the contractually required principal and interest payments payable under promissory note agreements and other long-term debt. The various borrowings bear interest at rates up to 8% per annum:

Fiscal year:	Amount
2024	\$ 39,478
2025	86,232
2026	475,024
2027	17
2028	2,111
2029 and thereafter	4,594
Total future debt obligations	\$ 607,456

Maturities of the Company's lease liabilities, under non-cancelable leases, as of December 31, 2023 are as follows:

	Operating Leases	Finance Leases	Financial Obligations
Year ending December 31,			
2024	\$ 28,298	\$ 26,820	\$ 29,518
2025	26,291	27,371	30,273
2026	25,294	27,709	31,086
2027	23,960	28,273	28,953
2028	22,385	27,722	29,772
2029 and thereafter	53,521	150,895	239,477
Total undiscounted remaining minimum lease payments	179,749	288,790	389,079
Less: imputed interest	(53,358)	(119,401)	(174,407)
Total discounted remaining minimum lease payments	<u>\$ 126,391</u>	<u>\$ 169,389</u>	<u>\$ 214,672</u>

SUMMARY OF QUARTERLY RESULTS

	Three months ended							
	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023	December 31, 2022	September 30, 2022	June 30, 2022	March 31, 2022
Revenues, net	\$ 345,269	\$ 333,172	\$ 335,550	\$ 332,641	\$ 340,189	\$ 325,813	\$ 320,641	\$ 288,777
Cost of goods sold	189,077	183,120	187,788	172,198	220,554	158,119	142,878	127,450
Gross profit	156,192	150,052	147,762	160,443	119,635	167,694	177,763	161,327
Operating expenses	142,225	134,839	152,040	142,464	151,729	135,179	141,635	132,888
Other expense, net	(74,593)	(51,167)	(20,359)	(21,129)	(105,652)	(23,964)	(3,117)	(18,743)
Net loss from continuing operations	(57,652)	(70,833)	(66,589)	(43,881)	(176,385)	(41,420)	(16,124)	(31,379)
Net loss from discontinued operations, net of tax	(7,995)	(22,896)	(7,903)	(12,588)	(86,366)	(12,734)	(5,638)	(6,883)
Net loss	(65,647)	(93,729)	(74,492)	(56,469)	(262,751)	(54,154)	(21,762)	(38,262)
Less: Net (loss) income attributable to redeemable non-controlling interest	(2,419)	(1,382)	(3,250)	(2,089)	(2,418)	(2,767)	127	(1,775)
Net loss attributable to Curaleaf Holdings, Inc.	<u>\$ (63,228)</u>	<u>\$ (92,347)</u>	<u>\$ (71,242)</u>	<u>\$ (54,380)</u>	<u>\$ (260,333)</u>	<u>\$ (51,387)</u>	<u>\$ (21,889)</u>	<u>\$ (36,487)</u>
Loss per share - basic and diluted	\$ (0.09)	\$ (0.13)	\$ (0.10)	\$ (0.08)	\$ (0.36)	\$ (0.07)	\$ (0.03)	\$ (0.05)
Weighted average SVS outstanding - basic and diluted	733,514,919	725,319,477	719,269,057	718,117,628	715,796,271	709,638,533	709,965,526	708,897,273

Over the last eight quarters, revenue has been impacted by the following factors:

- Organic and acquisitional growth over the period, as disclosed further below;
- Divestiture of certain discontinued operations; and

- Launch and expansion of new dispensaries in our existing markets.

Over the last eight quarters, net loss has been affected by the following factors:

- Impact of the items affecting revenue, as outlined above;
- Costs associated with adjustments to assets held for sale carrying values;
- Timing of leases signed, and costs associated with the opening of new and/or expanded retail locations;
- Impact of lower fixed cost of goods sold absorption resulting from operational capacity adjustments throughout the period;
- The timing and nature of transaction costs incurred in connection with the Company's acquisitions over the period;
- Costs incurred in connection with the TSX Listing and related Reorganization; and
- Increased labor and product costs due to inflationary factors.

RECENT ACQUISITIONS

During the year ended December 31, 2023, the Company completed the following acquisitions:

- (i) Q2 2023: Deseret Wellness, LLC;
- (ii) Q3 2023: Clever Leaves.

During the year ended December 31, 2022, the Company completed the following acquisitions:

- (i) Q1 2022: Bloom Dispensaries;
- (ii) Q1 2022: Sapphire Medical Clinics Limited Sapphire Medical;
- (iii) Q2 2022: Natural Remedy Patient Center, LLC;
- (iv) Q3 2022: Pueblo West Organics;
- (v) Q3 2022: Four20 Pharma GmbH;
- (vi) Q3 2022: Broad Horizon Holdings, LLC;
- (vii) Q4 2022: Tryke Companies (dba Reef Dispensaries).

Further details on the acquisitions completed during the year ended December 31, 2023, are as follows:

Deseret Wellness, LLC

On April 6, 2023, the Company completed the acquisition of Deseret, the largest cannabis retail operator in Utah, with consideration consisting of cash and stock. The Deseret acquisition includes three retail dispensaries located in the cities of Park City, Provo and Payson. The Deseret acquisition immediately strengthened the Company's retail footprint in Utah, providing the state's medical patients with a wide variety of quality products including cannabis flower, vape cartridges, edibles and concentrates.

Clever Leaves' Asset Acquisition

On July 5, 2023, Terra Verde LDA, a subsidiary of International Holdings, acquired the assets, including all equipment and lease rights, of Clever Leaves' EU-GMP certified cannabis processing and warehousing facility in Setubal, Portugal. The Clever Leaves acquisition strategically positioned the Company to begin expanding its cultivation capacity at Terra Verde to meet the expected growth across Europe, especially within the Company's core markets: UK and Germany.

Further details on the acquisitions completed during the year ended December 31, 2022, are as follows:

Bloom Dispensaries

On January 18, 2022, the Company completed the acquisition of Bloom Dispensaries ("Bloom"), a vertically integrated, single state cannabis operator in Arizona. The Bloom acquisition included four retail dispensaries located in the cities of Phoenix, Tucson, Peoria and Sedona as well as two adjacent cultivation and processing facilities totaling approximately 63,500 square feet of space located in north Phoenix. The Bloom acquisition strengthened the Company's production and retail sales capabilities in the Arizona market.

Sapphire Medical Clinics Limited

On January 31, 2022, Curaleaf International Limited, a subsidiary of Curaleaf International, completed the acquisition of 100% of the equity interests of Sapphire Medical Clinics Limited ("Sapphire Medical"), a Care Quality Commission (CQC) registered private medical cannabis clinic providing telemedicine and face to face consultations to patients in the U.K. The acquisition of Sapphire Medical expanded the Company's vertical integration of its business within the U.K.

NRPC Management, LLC

On May 12, 2022, the Company completed the acquisition of NRPC Management, LLC ("NRPC Management"). Natural Remedy Patient Center, LLC ("NRPC"), a dispensary in Safford, Arizona, operates pursuant to a management services agreement with NRPC Management. NRPC was granted a Medical Marijuana Dispensary Registration Certificate and a Marijuana Establishment License allowing NRPC to lawfully engage in medical and recreational marijuana operations and sales in Arizona. The acquisition of NRPC Management provided the Company with the opportunity to continue expanding its domestic operations. The Company subsequently relocated the NRPC license to a new dispensary in Scottsdale, Arizona.

Broad Horizon Holdings, LLC

During the third quarter of 2022, the Company entered into an agreement with Broad Horizons Holdings, LLC ("BHH") as part of a series of transactions, in which the Company agreed to delay the exercise of a call option. In accordance with ASC 810, *Consolidation* ("ASC 810"), the Company determined that this transaction resulted in a change in control, resulting in the Company's ability to direct the relevant activities of BHH and exposure to the variable returns from its activities. The Company assumed the net assets of and began consolidating BHH as of July 1, 2022.

Pueblo West Organics

On September 1, 2022, the Company completed the acquisition of Pueblo West Organics, LLC ("PWO"), a licensed cannabis processor in Pueblo, CO. PWO operates (i) a 75,960 square foot indoor licensed marijuana cultivation facility and processing facility; (ii) a 12,000 square foot licensed marijuana dispensary and cultivation facility; and (iii) a 2.1-acre licensed outdoor cultivation facility. The Company began actively marketing certain real estate assets associated with the transaction immediately upon acquisition, see *Note 5 — Assets and liabilities held for sale* for further details. The acquisition of PWO provided Curaleaf with additional capacity to achieve further vertical integration in Colorado.

Four20 Pharma GmbH

On September 16, 2022, International Holdings completed the acquisition of 55% of the outstanding equity interests of Four20 Pharma GmbH ("Four20"), a leading German distributor and manufacturer of medical cannabis. In connection with the transaction, the selling shareholders and International Holdings have entered into a put/call option which permits either party to trigger the roll-up of the remaining equity of Four20 two years after the launch of adult use cannabis sales in Germany but no later than the end of 2025, if adult use launch has not occurred by such date.

On October 4, 2022, the Company completed the acquisition of Tryke Companies (dba Reef Dispensaries) (“Tryke”), a privately held, vertically integrated, multi-state cannabis operator. Upon closing of the acquisition, the Company owned and began operating six highly trafficked dispensaries under the Reef brand, with two retail stores in Arizona and four in Nevada, including the Phoenix metropolitan area, Las Vegas strip and North Las Vegas. Tryke’s product portfolio, comprised of a wide variety of in-house and third-party flower, concentrates, vape cartridges, edibles, topicals and CBD, was highly complementary to the Company’s existing portfolio. The Tryke acquisition well-positioned the Company to expand its operations in Arizona, Nevada and Utah and offer consumers and retailers an even broader selection of premium cannabis products.

OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this MD&A, the Company does 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 the Company, including, and without limitation, such considerations as liquidity and capital resources.

RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

The Company incurred the following transactions with related parties during the years ended December 31, 2023 and 2022.

Transaction	Year ended December 31,		December 31,	
	2023	2022	2023	2022
Consulting fees ⁽¹⁾	\$ 915	\$ 1,269	\$ —	\$ —
Travel and reimbursement ⁽²⁾	45	382	—	—
Rent expense reimbursement ⁽³⁾	—	72	—	—
Platform fees ⁽⁴⁾⁽⁶⁾	2,069	2,309	—	—
Senior Secured Notes - 2026 ⁽⁵⁾	886	879	10,000	10,000
	<u>\$ 3,915</u>	<u>\$ 4,911</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>

⁽¹⁾ Consulting fees relate to real estate management and general advisory services provided by (i) Frontline Real Estate Partners, LLC, a company controlled by Mitchell Kahn, a Board Member, and in which Matt Darin, Chief Executive Officer, has a minority interest, as well as (ii) Measure 8 Venture Management, LLC (“Measure 8”), an investment company controlled by Boris Jordan, Executive Chairman and control person of the Company (including funds managed by Measure 8). There are on-going contractual commitments related to these transactions. The total consulting fees paid to Measure 8 were \$0.4 million and \$0.6 million for the years ended December 31, 2023 and 2022, respectively. The total consulting fees paid to Frontline Real Estate Partners, LLC were \$0.4 million and \$0.6 million for the years ended December 31, 2023 and 2022, respectively.

⁽²⁾ Travel and reimbursement relate to payments made to Measure 8 for reimbursements of certain expenses incurred. There are on-going contractual commitments related to these transactions.

⁽³⁾ Travel and reimbursement relate to payments made to Measure 8 for reimbursements of certain expenses incurred. There are on-going contractual commitments related to these transactions.

⁽⁴⁾ During the first quarter of 2023, Leaf Trade, Inc. (“Leaf Trade”) and SD Technologies (“Sweed”) completed a business combination. Measure 8 acquired a 5.86% stake in the new holding company, High Tech Holdings, Inc., and received a seat on the board of directors. Leaf Trade provides Curaleaf with their B2B platform for Curaleaf’s Wholesale sector in exchange for fees to use the platform.

⁽⁵⁾ Baldwin Holdings, LLC, in which Joseph F. Lusardi, the Company’s Executive Vice Chairman, owns a direct equity interest, held \$10 million of the total \$475 million of Senior Secured Notes – 2026. The Company recognized interest expense related to the portion of the Senior Secured Notes - 2026 held by Baldwin Holdings, LLC. For the years ended December 31, 2023 and 2022, the Company recognized interest expense under the Senior Secured Notes - 2026, some of which are attributable to Baldwin Holdings, LLC’s direct equity interests. The Senior Secured Notes – 2026 held by Baldwin Holdings, LLC contain certain repayment and interest components that represent on-going contractual commitments with this related party.

⁽⁶⁾ Fyllo provides platform fees -- Board member Mitchell Kahn is also on the board for Fyllo.

The Company’s key management personnel have the authority and responsibility for planning, directing and controlling the activities of the Company and consist of the Company’s executive management team and management directors. Key

management personnel compensation and other related party expenses for the years ended December 31, 2023 and 2022 were as follows:

Key management personnel compensation	Year ended December 31,	
	2023	2022
Short-term employee benefits	\$ 5,326	\$ 7,129
Other long-term benefits	34	44
Share-based payments	6,323	13,121
	<u>\$ 11,683</u>	<u>\$ 20,294</u>

CHANGES IN OR ADOPTION OF ACCOUNTING PRACTICES

The Company has implemented all applicable GAAP standards recently issued by the FASB. Pronouncements that are not applicable or where it has been determined do not have a significant impact to the Company have been excluded herein.

New Accounting Guidance - Recently Adopted

In June 2022, the FASB issued ASU 2022-03, *Fair Value Measurements of Equity Securities Subject to Contractual Sale Restrictions* (“ASU 2022-03”). ASU 2022-03 clarified that a contractual restriction on the sale of an equity security is not considered part of the unit of account of an equity security. As a result, such restriction is not considered in measuring fair value of the equity security. ASU 2022-03 is effective for all other entities for fiscal years beginning after December 15, 2024 and interim periods within those fiscal years, with early adoption permitted. The Company early adopted and applied ASU 2022-03, prospectively, as of the quarter ended September 30, 2023, noting no material impact to the Company’s Consolidated Financial Statements.

New Accounting Guidance - Recently Issued

In August 2023, the FASB issued ASU 2023-05, *Business Combinations— Joint Venture Formations* (“ASU 2023-05”). ASU 2023-05, among other things, (1) defines a joint venture as the formation of a new entity without an accounting acquirer and (2) requires that a joint venture measure its identifiable net assets and goodwill, if any, at the formation date, such that the initial measurement of a joint venture’s total net assets is equal to the fair value of 100% of the joint venture’s equity, including any noncontrolling interest in the net assets of the joint venture. ASU 2023-05 is effective for all joint ventures with a formation date on or after January 1, 2025. Early adoption is permitted. The Company is currently evaluating the potential impact of the adoption of this standard on the Company and its consolidated financial statements upon adoption.

In October 2023, the FASB issued ASU 2023-06, *Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative* (“ASU 2023-06”). ASU 2023-06 incorporates certain SEC disclosure requirements into the FASB Codification. The amendments in ASU 2023-06 are expected to clarify or improve disclosure and presentation requirements of a variety of Codification Topics, allow users to more easily compare entities subject to the SEC’s existing disclosures with those entities that were not previously subject to the requirements and align the requirements in the FASB Codification with the SEC’s regulations. ASU 2023-06 is effective, for all other entities, two years after the effective date of the SEC’s removal of the related disclosure requirement from Regulation S-X or Regulation S-K. Early adoption is prohibited. The Company does not anticipate ASU 2023-06 will impact its consolidated financial statements upon adoption.

In November 2023, the FASB issued ASU 2023-07, *Improvements to Reportable Segment Disclosures* (“ASU 2023-07”). ASU 2023-07 is intended to improve reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. ASU 2023-07 is effective for public entities for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. The Company is currently evaluating the potential impact of the adoption of this standard on the Company and its consolidated financial statements upon adoption.

In December 2023, the FASB issued ASU 2023-09, *Improvements to Income Tax Disclosures* (“ASU 2023-09”). ASU 2023-09, among other things, requires that public business entities on an annual basis (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold (if the

effect of those reconciling items is equal to or greater than 5 percent of the amount computed by multiplying pretax income [or loss] by the applicable statutory income tax rate). ASU 2023-09 is effective for all other entities for annual periods beginning after December 15, 2025. Early adoption is permitted. The Company is currently evaluating the potential impact of the adoption of this standard on the Company and its consolidated financial statements upon adoption.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with U.S. GAAP requires the use of estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities and contingencies. Although actual results in subsequent periods may differ from these estimates, such estimates are developed based on the best information available to management and based on management's best judgments at the time. The Company bases its estimates on historical experience, observable trends and various other assumptions that the Company believes are reasonable under the circumstances. All significant assumptions and estimates underlying the amounts reported in the Consolidated Financial Statements and accompanying notes are regularly reviewed and updated when necessary. Changes in estimates are reflected prospectively in the financial statements based upon on-going trends or subsequent settlements and realization depending on the nature and predictability of the estimates and contingencies. Although management believes that all estimates are reasonable, actual results could differ from these estimates.

The most significant assumptions and estimates underlying the Consolidated Financial Statements are described below:

Consolidation

When determining the appropriate basis of accounting for the Company's interests in affiliates, the Company makes judgements about the degree of influence that it exerts directly or indirectly through an arrangement over the investees' relevant activities. See *Note 27 — Variable interest entities* of the Consolidated Financial Statements for further detail.

Accounting for acquisitions and business combinations

Classification of an acquisition as a business combination or asset acquisition hinges on whether the asset acquired constitutes a business, which can be a complex judgment.

In determining the fair value of all identifiable assets, liabilities and contingent liabilities acquired, the most significant estimates are related to the valuation of contingent consideration and intangible assets. Management exercises judgement in estimating the probability and timing of when earn-outs are expected to be achieved, which is used as the basis for estimating fair value. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert may be engaged to apply the appropriate valuation techniques to management's forecast of the total expected future net cash flows in order to estimate fair value.

The primary intangible assets typically acquired in a business combination within the cannabis industry are cannabis licenses, as they provide companies with the ability to operate in additional markets. To estimate the fair value of intangible assets management exercises judgement in developing cash flow projections and choosing discount and terminal growth rates. The estimated fair value of intangible assets is most sensitive to changes in the discount rate applied. The terminal growth rate represents the rate at which businesses will continue to grow into perpetuity. Other significant assumptions include revenue, gross profit, operating expenses and anticipated capital expenditures which are based on the historical operations of the acquiree along with management's projections. These valuations are closely linked to the assumptions made by management regarding future performance of the assets acquired and any changes in the discount rate applied.

Contingent consideration payable as a result of a business combination is recorded at fair value at the date of acquisition. The fair value of contingent consideration is subject to significant judgments and estimates, such as projected future revenue. See *Note 4 — Acquisitions* of the Consolidated Financial Statements for further detail.

Share-based compensation

The Company uses the Black-Scholes valuation model to determine the fair value of stock options granted to employees and directors under share-based awards, where appropriate. In instances where stock options or units have performance or market conditions, the Company utilizes the Monte Carlo valuation model to simulate the various outcomes that affect the value of the stock option or units. In estimating fair value, management is required to make certain significant assumptions

and estimates such as the expected life of stock options or units, volatility of the Company's future share price, risk free rates and future dividend yields. Changes in assumptions used to estimate fair value could result in materially different results. See *Note 17 — Share-based compensation* of the Consolidated Financial Statements for further detail.

Goodwill impairment

Goodwill is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired in accordance with ASC 350. In order to determine the amount, if any, the carrying value might be impaired, the Company performs the analysis on a reporting unit level using both an income and a market approach. Under the income approach, fair value is estimated on the present value of estimated cash flows (i.e. discounted cash flows). The market approach estimates fair value using comparable marketplace fair value data from within a comparable industry grouping. A number of factors, including historical results, business plans, forecasts and market data are used to determine the fair value of the Company's reporting units. In addition, determining the composition of the Company's reporting units require significant management judgment. Changes in the conditions for these judgments and estimates can significantly affect the estimated fair value of the reporting units and the implied fair value of goodwill. See *Note 12 — Intangible assets, net and Goodwill* of the Consolidated Financial Statements for further detail.

Inventories, net

In measuring the value of its inventories, net at the end of the reporting period, the Company compares inventoried costs to estimated NRV. The NRV of inventories, net represents the estimated selling price for the Company's goods in the ordinary course of business, less all estimated costs of completion and costs necessary to sell. The determination of NRV requires significant judgment, including consideration of factors such as shrinkage, the aging of and future demand for inventory, expected future selling prices and contractual arrangements with customers. Reserves for excess and obsolete inventory are also based upon quantities on hand and projected volumes from demand forecasts. Developing these estimates require significant management judgment and are made at a point in time, using available information, expected business plans and expected market conditions. The future realization of these inventories may be affected by market-driven changes that reduce future selling prices. As a result, the actual amount received from sale of inventories, net could differ from estimates. See *Note 8 — Inventories, net* of the Consolidated Financial Statements for further detail.

Income taxes

The Company records tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances and information available at the reporting date. There is inherent uncertainty in quantifying income tax positions, especially considering the complex tax laws and regulations for federal, state and foreign jurisdictions in which the Company operates. The Company has recorded tax benefits for those tax positions where it is more likely than not that a tax benefit will result upon ultimate settlement with the relevant tax authority that has all relevant information. See *Note 21 — Income Taxes* of the Consolidated Financial Statements for further detail.

Assets and liabilities held for sale

The Company classifies assets held for sale in accordance with ASC 205, *Presentation of Financial Statements* ("ASC 205"). When the Company makes the decision to sell an asset, disposal group or to cease operations for a portion of its business, the Company assesses whether such assets and related liabilities, should be classified as held for sale. To be classified as held for sale, the asset or disposal group must meet all of the following conditions at the end of the reporting period:

- i. available for immediate sale in its present condition;
- ii. management is committed to a plan to sell;
- iii. an active program to locate a buyer and complete the plan has been initiated;
- iv. the asset or disposal group is being actively marketed at a sales price that is reasonable in relation to its fair value;
- v. the sale is highly probable within one year from the date of classification and
- vi. actions required to complete the plan indicate that it is unlikely that the plan will be significantly changed or withdrawn.

An asset held for sale is measured at the lower of its carrying amount or fair value less cost to sell unless the asset held for sale meets the exceptions as prescribed by ASC 205. Fair value is the amount obtainable from the sale of the asset in an

arm's length transaction, less the costs of disposal. See *Note 5 — Assets and liabilities held for sale* of the Consolidated Financial Statements for further detail.

Discontinued Operations

The Company classifies held for sale assets and liabilities as discontinued operations in accordance with ASC 205. A disposal of a component of an entity or group of components of an entity shall be reported in discontinued operations if the disposal represents a strategic shift that has, or will have, a major effect on an entity's operations and financial results and meets the criteria for assets held for sale, is already disposed of by sale, or is disposed of other than by sale (i.e. via abandonment, distribution to owners in a spin off, etc.). The held for sale classification criteria is presented above under '*Assets and liabilities held for sale*'.

When the Company makes the decision to sell an asset or disposal group, management makes significant assumptions in its evaluation of whether the asset or disposal group can be classified as discontinued operations and/or held for sale. of the Consolidated Financial Statements for further detail. See *Note 6 — Discontinued operations* of the Consolidated Financial Statements for further detail.

MANAGEMENT'S ANNUAL REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company's disclosure and controls and procedures, as such term is defined in Rule 13a-15(e) under the Exchange Act), is a process designed by, or under the supervision of, the Company's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") and is effected by the Company's Board of Directors, management and other personnel, for the purpose of providing reasonable assurance regarding the reliability of the Company's financial reporting process and preparation of Consolidated Financial Statements in accordance with U.S. GAAP. The Company's disclosure controls and procedures include policies and procedures that (1) relate to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of assets of the Company; (2) provide reasonable assurance of the recording of all transactions necessary to permit the preparation of the Company's Consolidated Financial Statements in accordance with U.S. GAAP and the proper authorization of receipts and expenditures in accordance with the Company's delegation of authority policies and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the Company's Consolidated Financial Statements. Management, including the CEO and CFO, have evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2023 and have concluded that said disclosure controls and procedures were effective as of December 31, 2023.

Limitations on Effectiveness of Controls and Procedures

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projection of any evaluation of effectiveness to future periods is subject to the risk that controls may become inadequate due to changing conditions or the degree of compliance with policies and procedures may deteriorate.

Management Report on Internal Controls over Financial Reporting

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2023. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control Integrated Framework (2013). Based on its assessment, management determined that the Company's internal control over financial reporting was effective as of December 31, 2023. PKF O'Connor Davies, LLP, an independent registered public accounting firm, has audited the effectiveness of the Company's internal control over financial reporting, as indicated in their report which is included herein.

Remediation Status of Previously Reported Material Weaknesses

The Company previously disclosed material weaknesses in its internal control over financial reporting as of December 31, 2022. The Company has implemented various initiatives to address the previously reported material weaknesses in internal control over financial reporting. During the year ended December 31, 2023, management implemented necessary remediation actions and concluded that each of the previously reported material weaknesses were remediated. The Company's key remedial initiatives included:

Material Weakness	Control Enhancement or Mitigant	Remediation Status
Control Environment	Management implemented organizational enhancements to the control environment, including (i) on-going training and instruction to executive management, accounting, legal, IT and sales teams, to enhance their understanding of relevant internal controls over financial reporting requirements and U.S. accounting principles with regards to, among other things, review and approval of significant revenue transactions; (ii) implementation of enhanced policies, including the Company's Business Conduct and Ethics Code and (iii) performance of an analysis on the sufficiency of accounting resources. This analysis included additional resource hiring and use of external specialists with an appropriate level of knowledge, experience and training that is commensurate with the complexity of accounting for certain transactions and of financial reporting requirements.	Remediated
Information Technology General Controls	Management implemented enhancements to the IT general control environment, including (i) hiring additional personnel with requisite knowledge and experience to mitigate risk within the IT environment; (ii) implementing policies and procedures necessary to mitigate risk in the IT environment; (iii) initiating the process of centralizing the management of all of its IT systems and (iv) executing its existing IT general controls effectively.	Remediated
Inventory	Management implemented organizational enhancements to the inventory process, including (i) centralized management review of inventory count results for all retail and warehouse locations; (ii) formalized policies for inventory count procedures; (iii) training for all retail and warehouse personnel on inventory count procedures and (iv) validation of the completeness and accuracy of data utilized in inventory calculations.	Remediated
Wholesale Revenue	The Company implemented enhancements over wholesale revenue transactions, including (i) executive management oversight of wholesale transactions; (ii) ongoing training on revenue recognition accounting principles; (iii) technical accounting review of purchase and wholesale sales contracts and (iv) formalized revenue recognition and wholesale revenue transactions policies.	Remediated

Changes in Internal Control Over Financial Reporting

Other than the measures performed to remediate the previously identified material weaknesses above, there were no changes in the Company's internal control over financial reporting during the year ended December 31, 2023, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

SUMMARY OF OUTSTANDING SHARE DATA

The Company had the following securities issued and outstanding as of March 5, 2024:

Securities	Number of Shares
Multiple Voting Shares	93,970,705
Subordinate Voting Shares	642,543,464
Restricted Share Units	7,742,600
Stock Options	27,705,855

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist of cash, restricted cash and cash equivalents, notes receivable, accounts payable, accrued expenses and long-term debt. The fair values of cash, restricted cash, notes receivable, accounts payable and accrued expenses approximate their carrying values due to the relatively short-term to maturity. The Company's long-term notes payable carrying value at the effective interest rate approximates fair value.

Financial instruments recorded at fair value are classified using a fair value hierarchy that reflects the significance of the inputs to fair value measurements. The three levels of hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Inputs for the asset or liability that are not based on observable market data.

The Company's assets measured at fair value on a nonrecurring basis include investments, long-lived assets, indefinite-lived intangible assets and goodwill. The Company reviews the carrying amounts of such assets whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable, or at least annually for indefinite-lived intangible assets and goodwill. Any resulting asset impairment would require that the asset be recorded at its fair value. The resulting fair value measurements of the assets are considered to be Level 3 measurements.

Financial Risk Management

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

Credit risk is the risk of a potential loss to the Company if a customer or third party to a financial instrument fails to meet its contractual obligations and arises principally from the Company's notes and accounts receivable. The maximum credit exposure at December 31, 2023 and 2022, is the carrying amount of cash and cash equivalents, accounts receivable and notes receivable. The Company does not have significant credit risk with respect to its customers. All cash and cash equivalents are placed with major U.S. financial institutions.

The Company provides credit to its wholesale and MSA customers in the normal course of business and has established processes to mitigate credit risk. The amounts reported in the Consolidated Balance Sheets are net of allowances for credit losses, estimated by the Company's management based on prior experience and its assessment of the current economic environment. The Company reviews its trade receivable accounts regularly and reduces amounts to their expected realizable values by adjusting the allowance credit losses when management determines that the account may not be fully collectible. The Company applies *ASC 310 – Receivables* for the measurement of expected credit losses, which uses an expected loss allowance model for all trade receivables. The Company has not adopted standardized credit policies and assesses credit on a customer-by-customer basis in an effort to minimize those risks.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to settle obligations and liabilities when due.

In December 2021, the Company closed a private placement of Senior Secured Notes - 2026, for aggregate gross proceeds of \$475 million to the Company. The notes bear interest on the unpaid principal amount at a rate of 8% per annum, compounded semi-annually and payable in arrears on June 15th and December 15th of each year during the term of the notes; the first of which was June 15, 2022. The Note Indenture governing the Senior Secured Notes - 2026 contains numerous positive and negative covenants of the Company. If the Company breaches a covenant under the Note Indenture, the trustee may, under certain circumstances, accelerate the maturity of the principal amount outstanding or realize on the collateral granted by the Company over its assets. A breach of covenant under the Note Indenture could have a material adverse impact on the Company's financial position.

In connection with the Bloom acquisition, the Company issued the Bloom Notes, under which \$107.5 million and \$160.0 million aggregate principal amount remain outstanding as of December 31, 2023 and 2022. Refer to "*Financial Condition, Liquidity and Capital Resources – Liquidity and Capital Resources – Recent Financings – Bloom Notes*" above for more information on the Bloom Notes

Currency Risk

The operating results and financial position of the Company are reported in U.S. dollars. Some of the Company's financial transactions have been and may be denominated in currencies other than the U.S. dollar. The results of the Company's operations are subject to currency transaction and translation risks.

As of December 31, 2023 and 2022, the Company had no hedging agreements in place with respect to foreign exchange rates. The Company has not entered into any agreements or purchased any instruments to hedge possible currency risks at this time.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Cash and cash equivalents bear interest at market rates. The Company's notes receivable and financial debts have fixed rates of interest and are carried at amortized cost. The Company does not account for any fixed-rate financial assets or financial liabilities at fair value; therefore, a change in interest rates at the reporting date would not affect its results of operations.

REGULATORY ENVIRONMENT: ISSUERS WITH UNITED STATES CANNABIS-RELATED ASSETS

In accordance with Staff Notice 51-352, below is a discussion of the current U.S. federal and U.S. state-level regulatory framework applicable to the cannabis industry in the states in which the Company and its affiliates operate.

In accordance with Staff Notice 51-352, the Company evaluates, monitors and reassesses this disclosure, along with any related risks, on an ongoing basis and the same will be supplemented, amended and communicated to investors in public filings, including in the event of government policy changes or the introduction of new or amended guidance, laws or regulations regarding the cannabis industry. Any non-compliance, citations or notices of violation which may have an impact on the Company's licenses, business activities, or operations, will be promptly disclosed by the Company.

The Company derives its revenues from the cannabis industry in certain states of the U.S., and the industry is illegal under U.S. federal law.

In the U.S., the Company is involved in the cannabis industry where local state laws permit such activities. Currently, the Company is engaged in the cultivation, manufacture, processing, sale and distribution of cannabis. The Company holds licenses in the adult-use and/or medicinal cannabis marketplaces in the states of Arizona, Connecticut, Florida, Illinois, Maine, Maryland, Massachusetts, Missouri, Nevada, New Jersey, New York, North Dakota, Ohio, Pennsylvania, and Utah, and has partnered with an accredited medical school and obtained a "clinical registrant" license in Pennsylvania.

The Company's Statement of Financial Position and Operating Statement Exposure to U.S. Cannabis Related Activities

As of the date of this MD&A, the majority of the Company's business was directly derived from U.S. cannabis-related activities. As such, the Company's statement of financial position and statement of profits and losses exposure to U.S. cannabis-related activities, is over 95%.

U.S. Federal Overview

The Controlled Substances Act

The U.S. federal government regulates drugs through the federal Controlled Substances Act (21 U.S.C. § 811) (the "CSA"), which places controlled substances, including cannabis, in one of five different schedules. Cannabis, except hemp containing less than 0.3% (on a dry weight basis) of tetrahydrocannabinol ("THC"), the psychoactive ingredient in cannabis, is classified as a Schedule I drug. As a Schedule I drug, the federal U.S. Drug Enforcement Agency considers cannabis to have a high potential for abuse, no currently accepted medical use in treatment in the U.S. and a lack of accepted safety for use of the drug under medical supervision¹. The classification of cannabis as a Schedule I drug is inconsistent with what the Company believes to be many valuable medical uses for cannabis accepted by physicians, researchers, patients and others. As evidence of this, the FDA on June 25, 2018, approved Epidiolex, an oral solution with an active ingredient, CBD, that is derived from the cannabis plant for the treatment of seizures associated with two rare and severe forms of epilepsy, Lennox-Gastaut syndrome and Dravet syndrome, in patients two years of age and older. Epidiolex was initially placed on Schedule V, the least restrictive schedule of the CSA. On April 6, 2020, the DEA removed Epidiolex entirely from the CSA. This is the first FDA-approved drug that contains a purified drug substance derived from the cannabis plant. CBD is a chemical component of cannabis that does not contain the intoxicating properties of THC, the primary psychoactive component of cannabis². The Company believes the CSA categorization as a Schedule I drug is not reflective of the medicinal properties of cannabis or the public perception thereof, and numerous studies show cannabis is not able to be abused in the same way as other Schedule I drugs, has medicinal properties and can be safely administered³.

The federal position is also not necessarily consistent with democratic approval of cannabis at the state level in the U.S. Unlike in Canada, which has federal legislation uniformly governing the cultivation, distribution, sale and possession of cannabis under the Cannabis Act, S.C. 2018, c. 16, (Canada) and the Cannabis for Medical Purposes Regulations, in the U.S. cannabis is largely regulated at the state and local level, U.S. state laws regulating cannabis conflict with the CSA, which makes cannabis use and possession federally illegal. Although certain states and territories of the U.S. authorize medical or adult-use cannabis production and distribution by licensed or registered entities, under U.S. federal law, the possession, use, cultivation and transfer of cannabis and any related drug paraphernalia is illegal, and any such acts are criminal acts. Although the Company's activities are compliant with applicable state and local laws, strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under U.S. federal law nor provide a defense to federal criminal charges that may be brought against the Company. The Supremacy Clause of the U.S. Constitution establishes that the U.S. Constitution and federal laws made pursuant to it are paramount and, in case of conflict between federal and state law, federal law shall apply.

Nonetheless, 47 U.S. states, the District of Columbia and the territories of Puerto Rico, the U.S. Virgin Islands, Guam and the Northern Mariana Islands have legalized some form of cannabis for medical use, with 24 states, the Northern Marian Island, Guam and the District of Columbia have legalized the adult-use of cannabis for recreational purposes. As more and more states legalized medical and/or adult-use cannabis, the federal government has attempted to provide clarity on the incongruity between federal prohibition under the CSA and these state-legal regulatory frameworks. Notwithstanding the foregoing, cannabis remains illegal under U.S. federal law, with cannabis listed as a Schedule I drug under the CSA.

¹ 21 U.S.C. 812(b)(1).

² Cannabis containing THC in excess of 0.3% on a dry weight basis is defined federally as marijuana. The federal definition of marijuana is commonly incorporated into state laws and regulations. Unless otherwise noted herein, the Company uses cannabis and marijuana interchangeably.

³ See Lachenmeier, DW & Rehm, J. (2015). Comparative risk assessment of alcohol, tobacco, cannabis and other illicit drugs using the margin of exposure approach. *Scientific Reports*, 5, 8126. doi: 10.1038/srep08126; see also Thomas, G & Davis, C. (2009). Cannabis, Tobacco and Alcohol Use in Canada: Comparing risks of harm and costs to society. *Visions Journal*, 5. Retrieved from http://www.heretohelp.bc.ca/sites/default/files/visions_cannabis.pdf; see also Jacobus et al. (2009). White matter integrity in adolescents with histories of marijuana use and binge drinking. *Neurotoxicology and Teratology*, 31, 349-355. <https://doi.org/10.1016/j.ntt.2009.07.006>; Could smoking pot cut risk of head, neck cancer? (2009 August 25). Retrieved from <https://www.reuters.com/article/us-smoking-pot/could-smoking-pot-cut-risk-of-head-neck-cancer-idUSTRE57O5DC20090825>; Watson, SJ, Benson JA Jr. & Joy, JE. (2000). Marijuana and medicine: assessing the science base: a summary of the 1999 Institute of Medicine report. *Arch Gen Psychiatry Review*, 57, 547-552. Retrieved from <https://www.ncbi.nlm.nih.gov/pubmed/10839332>; see also Hoaken, Peter N.S. & Stewart, Sherry H. (2003). Drugs of abuse and the elicitation of human aggressive behavior. *Addictive Behaviours*, 28, 1533-1554. Retrieved from <http://www.ukcia.org/research/AggressiveBehavior.pdf>; and see also Fals-Steward, W., Golden, J. & Schumacher, JA. (2003). Intimate partner violence and substance use: a longitudinal day-to-day examination. *Addictive Behaviors*, 28, 1555-1574. Retrieved from <https://www.ncbi.nlm.nih.gov/pubmed/14656545>.

Until 2018, the federal government provided guidance to federal law enforcement agencies regarding cannabis through a series of memoranda from the Department of Justice (“DOJ”). The most recent such memorandum was drafted by former Deputy Attorney General James Cole on August 29, 2013 (the “Cole Memorandum”). The Cole Memorandum offered guidance to federal enforcement agencies as to how to prioritize civil enforcement, criminal investigations and prosecutions regarding cannabis in all states and acknowledged that, notwithstanding the designation of cannabis as a Schedule I controlled substance at the federal level, several states have enacted laws authorizing the use of cannabis. The Cole Memorandum also noted that jurisdictions that have enacted laws legalizing cannabis in some forms have also implemented strong and effective regulatory and enforcement systems to control the cultivation, processing, distribution, sale and possession of cannabis. As such, conduct in compliance with those laws and regulations is less likely to be a priority at the federal level. The Cole Memorandum was seen by many state-legal cannabis companies as a safe harbor for their licensed operations that were conducted in full compliance with all applicable state and local regulations. However, on January 4, 2018, former U.S. Attorney General Jeff Sessions rescinded the Cole Memorandum. In the absence of a uniform federal policy, U.S. Attorneys with state-legal cannabis programs within their jurisdictions are responsible for establishing enforcement priorities for their respective offices. For instance, Andrew Lelling, a former U.S. Attorney for the District of Massachusetts, stated that while his office would not immunize any businesses from federal prosecution, he anticipated focusing the office’s cannabis enforcement efforts on: (1) overproduction; (2) targeted sales to minors; and (3) organized crime and interstate transportation of drug proceeds. Other U.S. attorneys provided less assurance, promising to enforce federal law, including the CSA in appropriate circumstances.

Following his election, President Biden appointed Merrick Garland to serve as the U.S. Attorney General. While Attorney General Garland indicated in his confirmation hearing that he did not feel that enforcement of the federal cannabis prohibition against state-licensed business would not be a priority target of Department of Justice resources, no formal enforcement policy has been issued to date. There is no guarantee that state laws legalizing and regulating the sale and use of cannabis will not be repealed or overturned, or that local governmental authorities will not limit the applicability of state laws within their respective jurisdictions. Unless and until the U.S. congress (“Congress”) amends the CSA with respect to cannabis (and as to the timing or scope of any such potential amendments there can be no assurance), there is a risk that federal authorities may enforce current U.S. federal law.

As an industry best practice, despite the rescission of the Cole Memorandum, the Company abides by the following standard operating policies and procedures:

1. Ensure that its operations are compliant with all licensing requirements as established by the applicable state, county, municipality, town, township, borough and other political/administrative divisions;
2. Ensure that its cannabis related activities adhere to the scope of the licensing obtained (for example: in the states where cannabis is permitted only for adult-use, the products are only sold to individuals who meet the requisite age requirements);
3. Implement policies and procedures to ensure that cannabis products are not distributed to minors;
4. Implement policies and procedures to ensure that funds are not distributed to criminal enterprises, gangs or cartels;
5. Implement an inventory tracking system and necessary procedures to ensure that such compliance system is effective in tracking inventory and preventing diversion of cannabis or cannabis products into those states where cannabis is not permitted by state law, or across any state lines in general;
6. Ensure that its state-authorized cannabis business activity is not used as a cover or pretense for trafficking of other illegal drugs, is engaged in any other illegal activity or any activities that are contrary to any applicable anti-money laundering statutes; and
7. Ensure that its products comply with applicable regulations and contain necessary disclaimers about the contents of the products to prevent adverse public health consequences from cannabis use and prevent impaired driving.

In addition, the Company conducts background checks to ensure that its principals and management are of good character, have not been involved with other illegal drugs, engaged in illegal activity or activities involving violence, or use of firearms in cultivation, manufacturing, or distribution of cannabis. The Company will also conduct ongoing reviews of the activities of its cannabis businesses, the premises on which they operate and the policies and procedures that are related to possession of cannabis or cannabis products outside of the licensed premises, including the cases where such possession is permitted by regulation. See “*Compliance and Monitoring*” section herein for additional details.

One legislative safeguard for the medical cannabis industry remains in place: Congress has passed a so-called “rider” provision in the FY 2015, 2016, 2017, 2018, 2019, 2020, 2021 and 2022 Consolidated Appropriations Acts to prevent the federal government from using congressionally appropriated funds to enforce federal cannabis laws against regulated medical cannabis actors operating in compliance with state and local law. The rider is known as the “Rohrabacher-Farr” Amendment after its original lead sponsors (it is also sometimes referred to as the “Rohrabacher-Blumenauer” or “Joyce-Leahy” Amendment, but it is referred to in this MD&A as the “Rohrabacher-Farr Amendment”). The Rohrabacher-Farr Amendment was included in the Consolidated Appropriations Act, 2023 signed into law by President Biden on December 29, 2022. The Rohrabacher-Farr Amendment was most recently renewed on January 19, 2024. The Continuing Resolution will remain in effect through March 8, 2024. There is no guarantee that the Rohrabacher/Farr Amendment will be included in the omnibus appropriation package or a continuing budget resolution once the current spending bill expires.

On October 6, 2022, President Biden announced a series of marijuana-related initiatives. Included amongst them was a directive to the Secretary of Health and Human Services (“HHS”) and the Attorney General “to initiate the administrative process to review expeditiously how marijuana is scheduled under federal law. Federal law currently classifies marijuana in Schedule I of the Controlled Substances Act, the classification meant for the most dangerous substances.” This administrative review would be conducted by the FDA and the DEA. On August 29, 2023, HHS and FDA issued a recommendation that the DEA reschedule marijuana from its current status in Schedule I to Schedule III of the CSA. The recommendation detailed the grounds for the agency’s conclusion that it no longer considered marijuana a drug with no potential medical use and high potential for abuse—the criteria for inclusion on Schedule I. In particular, HHS found that there is scientific support for therapeutic uses of marijuana, including treatment of anorexia, pain, and nausea and vomiting related to chemotherapy. Furthermore, while marijuana presents risk of abuse and public health threat, its potential for abuse, and the negative outcomes from abuse, are significantly less than other scheduled drugs, as well as for alcohol. It is unclear when the DEA will complete its review of the HHS/FDA recommendation, nor is it clear whether the review will result in any change in the scheduling of marijuana under the CSA.

On December 2, 2022, President Biden signed into law H.R. 8454, the “Medical Marijuana and Cannabidiol Research Expansion Act,” (the “Research Expansion Act”) which establishes a new registration process for conducting research on marijuana and for manufacturing marijuana products for research purposes and drug development. The Research Expansion Act is the first piece of standalone federal cannabis reform legislation in U.S. history. Among other things, the Research Expansion Act; (i) directs the DEA to register practitioners to conduct cannabis and CBD research and manufacturers to supply cannabis for research purposes; (ii) expressly allows the DEA to register manufacturers and distributors of cannabis or CBD for the purposes of commercial production of a drug approved by the FDA; (iii) requires the DEA to assess whether there is an adequate and uninterrupted supply of cannabis for research purposes; (iv) permits registered entities to manufacture, distribute, dispense, or possess cannabis or CBD for purposes of medical research; (v) clarifies that physicians do not violate the CSA when they discuss the potential harms and benefits of cannabis and CBD with patients; and (vi) directs the HHS to coordinate with the National Institutes of Health and other agencies to report on the “therapeutic potential” of cannabis for conditions such as epilepsy and the impact of cannabis on adolescent brain development.

Nevertheless, for the time being, cannabis remains a Schedule I controlled substance at the federal level. The federal government of the U.S. has always reserved the right to enforce federal law regarding the sale and disbursement of medical or adult-use cannabis, even if state law sanctions such sale and disbursement. If the U.S. federal government begins to enforce U.S. federal laws relating to cannabis in states where the sale and use of cannabis is currently legal, or if existing applicable state laws are repealed or curtailed, the Company’s business, results of operations, financial condition and prospects could be materially adversely affected.

There is a growing consensus among cannabis businesses and numerous members of Congress that prosecutorial discretion is not law and temporary legislative riders, such as the Rohrabacher-Farr Amendment, are an inappropriate way to protect lawful medical cannabis businesses. Numerous bills have been introduced in Congress in recent years to decriminalize aspects of state-legal cannabis trades. The Company has observed that each year more congressmen and congresswomen sign on and cosponsor cannabis legalization bills. In light of all this, the Company anticipates that the federal government will eventually repeal the federal prohibition on cannabis and thereby leave the states to decide for themselves whether to permit regulated cannabis cultivation, production and sale, just as states are free today to decide policies governing the distribution of alcohol or tobacco.

The most comprehensive proposal for reform of federal legislation on cannabis was introduced on July 21, 2022, by U.S. Senate Majority Leader Chuck Schumer (D-NY), along with Cory Booker (D-NJ) and Ron Wyden (D-OR), when they filed the Cannabis Administration and Opportunity Act (the “CAOA”). The CAO would have removed cannabis from

Schedule I of the CSA, which would permit its decriminalization and allow the expungement of federal non-violent cannabis crimes. The CAO A would also have imposed a federal tax on cannabis of 10% in its first year of enactment, eventually increasing to 25% in 5% increments. The taxes raised would be used to petition fund programs to benefit communities disproportionately impacted by the “War on Drugs”.

The CAO A would have enshrined the current state cannabis licensing regimes but introduces additional federal permitting of cannabis wholesalers. Regulatory responsibility for cannabis control would be transferred from the Drug Enforcement Administration (“DEA”) to the Alcohol and Tobacco Tax and Trade Bureau (“TTB”), the Bureau of Alcohol Tobacco Firearms and Explosives (“ATF”).

The filing of the CAO A by Democratic congressional leaders in the 117th Congress represented a significant milestone in the move toward federal legalization of cannabis. While the CAO A suggested that legalization may come with significant federal tax burden, federal legalization will also bring long-awaited benefits to the industry of the removal of the Section 280E tax burden, clarity as to the status of state-licensed cannabis businesses, broad access to the banking and card payment system, increased availability and reduced cost of capital.

The CAO A failed to pass the 117th Congress.

Another bill, the Marijuana Opportunity Reinvestment and Expungement (MORE) Act, proposed in the U.S. House of Representatives, would have decriminalized and de-scheduled cannabis from the CSA, provided for reinvestment in certain persons adversely impacted by the “War on Drugs” and provided for expungement of certain cannabis offenses, among other things. The MORE Act passed U.S. House of Representatives on December 4, 2020 and again on April 1, 2022 but was not taken up in the Senate before the end of the 117th Congress. On September 20, 2023, the MORE Act was reintroduced into the House of Representatives.

There can be no assurance that the CAO A, the MORE Act, or similar comprehensive legislation that would de-schedule and decriminalize cannabis will be passed in the near future or at all. If such legislation is passed, there is no guarantee that it will include provisions that preserve the current state-based cannabis programs under which the Company operates or that such legislation will otherwise be favorable the Company and its business.

Money Laundering Laws

Under U.S. federal law, it may potentially be a violation of federal money laundering statutes for financial institutions to take any proceeds from the sale of any Schedule I controlled substance. Due to the CSA categorization of marijuana as a Schedule I drug, federal law makes it illegal for financial institutions that depend on the Federal Reserve’s money transfer system to take any proceeds from marijuana sales as deposits. Banks and other financial institutions could be prosecuted and, possibly convicted of money laundering for providing services to cannabis businesses under the U.S. Currency and Foreign Transactions Reporting Act of 1970 (the “Bank Secrecy Act”). Therefore, under the Bank Secrecy Act, banks or other financial institutions that provide a cannabis business with a checking account, debit or credit card, small business loan, or any other service could be charged with money laundering or conspiracy.

While there has been no change in U.S. federal banking laws to accommodate businesses in the large and increasing number of U.S. states that have legalized medical and/or adult-use marijuana, in 2014, the Department of the Treasury Financial Crimes Enforcement Network (“FinCEN”) issued guidance to prosecutors of money laundering and other financial crimes (the “FinCEN Guidance”) and notified banks that it would not seek enforcement of money laundering laws against banks that service cannabis companies operating under state law, provided that strict due diligence and reporting standards are met. The FinCEN Guidance advised prosecutors not to focus their enforcement efforts on banks and other financial institutions that serve marijuana-related businesses so long as that business is legal in their state and none of the federal enforcement priorities referenced in the Cole Memorandum are being violated (such as keeping marijuana away from children and out of the hands of organized crime). The FinCEN Guidance also clarifies how financial institutions can provide services to marijuana-related businesses consistent with their Bank Secrecy Act obligations, including thorough customer due diligence, but makes it clear that they are doing so at their own risk. The customer due diligence steps include:

1. Verifying with the appropriate state authorities whether the business is duly licensed and registered;
2. Reviewing the license application (and related documentation) submitted by the business for obtaining a state license to operate its marijuana-related business;

3. Requesting from state licensing and enforcement authorities' available information about the business and related parties;
4. Developing an understanding of the normal and expected activity for the business, including the types of products to be sold and the type of customers to be served (e.g., medical versus adult-use customers);
5. Ongoing monitoring of publicly available sources for adverse information about the business and related parties;
6. Ongoing monitoring for suspicious activity, including for any of the red flags described in this guidance; and
7. Refreshing information obtained as part of customer due diligence on a periodic basis and commensurate with the risk.

With respect to information regarding state licensure obtained in connection with such customer due diligence, a financial institution may reasonably rely on the accuracy of information provided by state licensing authorities, where states make such information available.

Because most banks and other financial institutions are unwilling to provide any banking or financial services to cannabis businesses, these businesses can be forced into becoming "cash-only" businesses. While the FinCEN Guidance decreased some risk for banks and financial institutions considering serving the industry, in practice it has not increased banks' willingness to provide services to cannabis businesses, and most banks continue to decline to operate under the strict requirements provided under the FinCEN Guidance. This is because, as described above, the current law does not provide banks immunity from prosecution, and it also requires banks and other financial institutions to undertake time-consuming and costly due diligence on each cannabis business they accept as a customer.

The few state-chartered banks and/or credit unions that have agreed to work with marijuana businesses are limiting those accounts to small percentages of their total deposits to avoid creating a liquidity risk. Since, theoretically, the federal government could change the banking laws as it relates to marijuana businesses at any time and without notice, these state-chartered banks and credit unions must keep sufficient cash on hand to be able to return the full value of all deposits from marijuana businesses in a single day, while also keeping sufficient liquid capital on hand to serve their other customers. Those state-chartered banks and credit unions that do have customers in the marijuana industry charge marijuana businesses high fees to pass on the added cost of ensuring compliance with the FinCEN Guidance. Unlike the Cole Memorandum, however, the FinCEN Guidance from 2014 has not been rescinded.

The former Secretary of the U.S. Department of the Treasury, Steven Mnuchin, publicly stated that he did not have a desire to rescind the FinCEN Guidance. The current Secretary of the Treasury, Janet Yellen, has not yet articulated an official position of the U.S. Department of the Treasury with regard to the FinCEN Guidance and thus as an industry best practice and consistent with its standard operating procedures, the Company adheres to all customer due diligence steps in the FinCEN Guidance.

In both Canada and the U.S., transactions involving banks and other financial institutions are both difficult and unpredictable under the current legal and regulatory landscape. Legislative changes could help to reduce or eliminate these challenges for companies in the cannabis space and would improve the efficiency of both significant and minor financial transactions. In the absence of comprehensive reform of federal cannabis legislation that would decriminalize the cannabis industry, a growing number of members of Congress have expressed support for federal legislation that would eliminate from the scope of federal money laundering statutes the financing activity of businesses operating under state-sanctioned cannabis programs. On September 26, 2019, the U.S. House of Representatives passed the Secured and Fair Enforcement Banking Act of 2019 (commonly known as the "SAFE Banking Act"), which aims to provide safe harbor and guidance to financial institutions that work with legal U.S. cannabis businesses. The SAFE Banking Act has been introduced and has passed the U.S. House of Representatives on seven separate occasions since 2019, either as a standalone bill or attached to other legislation, including most recently in 2022 with the America Competes Act which passed the House of Representatives on February 4, 2022, but the proposed bills either failed to pass through the Senate or the SAFE Banking Act provisions were ultimately removed from enacted legislation. Most recently, a slightly revised bill known as the Secure and Fair Enforcement Regulation Banking Act ("SAFER Banking Act") was introduced in the Senate on September 21, 2023. The SAFER Banking Act bill was heard by the Senate Banking Committee and was adopted on September 27th by a notable bipartisan majority of 14-9. The bill has now been placed on the Senate legislative calendar under general orders and is awaiting a Senate floor vote. Once again, there can be no assurance of the content of any final proposed legislation or that such legislation is ever passed.

While Congress may consider legislation in the future that may permanently address these issues, there can be no assurance of the content of any proposed legislation or that such legislation is ever passed. The Company's inability, or limitations on the Company's ability, to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for the Company to operate and conduct its business as planned or to operate efficiently.

Federal Taxation of Cannabis Businesses

An additional challenge to cannabis-related businesses is that the provisions of Section 280E are being applied by the IRS to businesses operating in the medical and adult-use cannabis industry. Section 280E prohibits businesses from deducting certain expenses associated with the trafficking of controlled substances within the meaning of Schedule I and II of the CSA. The IRS has applied Section 280E broadly in tax audits against various cannabis businesses in the U.S. that are permitted under applicable state laws, seeking substantial sums in tax liabilities, interest and penalties resulting from underpayment of taxes due to the lack of deductibility of otherwise ordinary business expenses, the deduction of which is prohibited by Section 280E. Although the IRS issued a clarification allowing the deduction of certain expenses that can be categorized as cost of goods sold, the scope of such items is interpreted very narrowly, and the bulk of operating costs and general administrative costs are not permitted to be deducted. Therefore, businesses in the state-legal cannabis industry are subject to higher effective tax rates and thus may be less profitable than they would otherwise be.

Reform of Federal Legislation on Industrial Hemp

On December 20, 2018, former President Donald Trump signed the Agriculture Improvement Act of 2018, Pub. L. 115-334, (popularly known as the "2018 Farm Bill") into law. Under the 2018 Farm Bill, industrial and commercial hemp is no longer to be classified as a Schedule I controlled substance in the U.S. Hemp includes the plant *cannabis sativa* L and any part of that plant, including seeds, derivatives, extracts, cannabinoids and isomers, which contain no more than 0.3% of delta-9-THC concentration by dry weight. The 2018 Farm Bill allows states to create regulatory programs allowing for the licensed cultivation of hemp and production of hemp-derived products. Hemp and products derived from it, such as CBD, may then be sold into commerce and transported across state lines, provided that the hemp from which any product is derived was cultivated under a license issued by an authorized state program approved by the U.S. Department of Agriculture and otherwise meets the definition of hemp.

Despite the removal of CBD extracted from hemp and other hemp extracts, produced under authorized state hemp programs from the CSA, the FDA's stated position remains that it is a prohibited act under the Federal Food, Drug and Cosmetic Act to introduce into interstate commerce a food to which CBD, THC or cannabinoids has been added, or to market a product containing these ingredients as a dietary supplement. However, on January 26, 2023, the FDA concluded that a new regulatory pathway for CBD is needed that balances individual's desire for access to CBD products with the regulatory oversight needed to manage risks. The FDA is seeking support from Congress to develop a new regulatory pathway.

Service Providers

As a result of any adverse change to the approach in enforcement of U.S. cannabis laws, adverse regulatory or political change, additional scrutiny by regulatory authorities, adverse change in public perception in respect of the consumption of marijuana or otherwise, third party service providers to the Company could suspend or withdraw their services, which may have a material adverse effect on the Company's business, revenues, operating results, financial condition or prospects.

Ability to Access Capital

Given the current U.S. federal laws regarding cannabis, traditional bank financing is typically not available to U.S. cannabis companies. Specifically, the federal illegality of marijuana in the U.S. means that financial transactions involving proceeds generated by cannabis-related conduct can form the basis for prosecution under money laundering statutes, the unlicensed money transmitter statute and the Bank Secrecy Act. As a result, businesses involved in the cannabis industry often have difficulty finding a bank willing to accept their business. Banks who do accept deposits from cannabis-related businesses in the U.S. must do so in compliance with the Cole Memorandum and the FinCEN guidance, both discussed above.

The Company requires equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will

be available to the Company when needed or on terms which are acceptable. The Company's inability to raise financing through traditional banking to fund on-going operations, capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon the Company's business, results of operations, financial condition, or prospects.

If additional funds are raised through further issuances of equity or convertible debt securities, existing Company shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to existing holders of SVS.

Heightened Scrutiny by Regulatory Authorities

For the reasons set forth above, the Company's existing operations in the U.S. and any future operations or investments of the Company, may become the subject of heightened scrutiny by regulators, stock exchanges and other authorities in Canada. As a result, the Company may be subject to significant direct and indirect interaction with public officials. There can be no assurance that this heightened scrutiny will not in turn lead to the imposition of certain restrictions on the Company's ability to operate or invest in any other jurisdictions or have consequences for its stock exchange listing or Canadian reporting obligations, in addition to those described herein.

Change to government policy or public opinion may also result in a significant influence on the regulation of the cannabis industry in Canada, the U.S., or elsewhere. A negative shift in the public's perception of medical or adult-use cannabis in the U.S. or any other applicable jurisdiction could affect future legislation or regulation, or enforcement. Such a shift could cause state jurisdictions to abandon initiatives or proposals to legalize medical or adult-use cannabis, thereby limiting the number of new state jurisdictions into which the Company could expand. Any inability to fully implement the Company's business strategy in the states in which the Company currently operates or in the Company's ability to expand its business into new states, may have a material adverse effect on the Company's business, financial condition and results of operations. See the "*Risk Factors*" section of the AIF for additional details.

Further, violations of any federal laws and regulations could result in significant fines, penalties, administrative sanctions, convictions, or settlements arising from civil proceedings conducted by either the federal government or private citizens, or criminal charges, including, but not limited to, disgorgement of profits, asset forfeiture and cessation of business activities or divestiture. Any enforcement action against the Company or any of its licensed operating facilities could have a material adverse effect on: (1) the Company's reputation, (2) the Company's ability to conduct business, (3) the Company's holdings (directly or indirectly) of medical or adult-use cannabis licenses in the U.S., (4) the listing or quoting of the Company's securities on various stock exchanges, (5) the Company's financial position, (6) the Company's operating results, profitability, or liquidity, or (7) the market price of the Company's publicly traded shares. In addition, it is difficult for the Company to estimate the time or resources that would be needed for the investigation of any such matters or their final resolution, because the time and resources that may be necessary depend on the nature and extent of any information requested by the applicable authorities involved, and such time or resources could be substantial. See the "*Risk Factors*" section of the AIF for additional details. The Company's business activities, while believed to be compliant with applicable U.S. state and local laws, currently are illegal under U.S. federal law.

Further to the indication by CDS Clearing and Depository Services Inc. ("CDS"), Canada's central securities depository, clearing and settling trades in the Canadian equity, fixed income and money markets that it would refuse to settle trades for cannabis issuers that have investments in the U.S., the TMX Group, the owner and operator of CDS, subsequently issued a statement in August 2017 reaffirming that there is no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S., despite media reports to the contrary and that the TMX Group was working with regulators to arrive at a solution that will clarify this matter, which would be communicated at a later time.

On October 16, 2017, the TSX provided clarity regarding the application of Sections 306 (Minimum Listing Requirements) and 325 (Management) and Part VII (Halting of Trading, Suspension and Delisting of Securities) of the TSX Company Manual (collectively, the "TSX Requirements") to issuers with business activities in the cannabis sector, such as the Company. In TSX Staff Notice 2017-0009, the TSX stated that issuers with ongoing business activities that violate U.S. federal law regarding cannabis are not in compliance with the TSX Requirements. The TSX noted that these non-compliant business activities may include (i) direct or indirect ownership of, or investment in, entities engaging in activities related to the cultivation, distribution or possession of cannabis in the United States, (ii) commercial interests or arrangements with such entities, (iii) providing services or products specifically targeted to such entities, or (iv) commercial interests or arrangements with entities engaging in providing services or products to U.S. cannabis companies.

Following completion of the TSX Listing, the Company is now subject to the TSX Requirements and accordingly is prohibited from owning or investing, either directly or indirectly, in entities engaging in activities related to the cultivation, distribution or possession of cannabis in the United States that could be deemed to violate applicable federal laws relating to cannabis. As a result of the TSX Listing, Curaleaf, Inc. and the Company is subject to certain restrictions on cash or cash-equivalent transfers, whereby, amongst other things, (i) Curaleaf Holdings, Inc. is prohibited from flowing any cash to Curaleaf, Inc. and any of its operations engaged in ongoing business activities that violate U.S. federal law regarding cannabis and (ii) Curaleaf, Inc. (including its subsidiaries and legal entities in which it has a controlling financial interest) are prohibited from flowing any cash to Curaleaf Holdings, Inc., whether by way of dividend or otherwise. Such restrictions may restrict the ability of the Company to make and finance acquisitions of its U.S. cannabis related assets or businesses, which, in turn, could have a material adverse effect on the Company's business, financial condition and results of operations.

Although the Company expects to be able to comply with the TSX Requirements following the TSX Listing, there is a risk that the Company's interpretation may differ from the TSX and failure to comply with the TSX Requirements could result in the denial of an application for certain approvals, such as to have additional securities listed on the TSX and could even lead to a delisting from the TSX, which could have a material adverse effect on the trading price of the Subordinate Voting Shares and could have a material adverse effect on the Company's business, financial condition and results of operations.

In February 2018, following discussions with the Canadian Securities Administrators and recognized Canadian securities exchanges, the TMX Group announced the signing of a Memorandum of Understanding ("MOU") with The Aequis NEO Exchange Inc., the CSE, the Toronto Stock Exchange and the TSX Venture Exchange. The MOU outlines the parties' understanding of Canada's regulatory framework applicable to the rules, procedures and regulatory oversight of the exchanges and CDS, as it relates to issuers with cannabis-related activities in the U.S. The MOU confirms, with respect to the clearing of listed securities, that CDS relies on the exchanges to review the conduct of listed issuers. As a result, there is currently no CDS ban on the clearing of securities of issuers with cannabis-related activities in the U.S. However, there can be no guarantee that this approach to regulation will continue in the future. If such a ban were to be implemented at a time when the SVS are listed on a stock exchange, it would have a material adverse effect on the ability of holders of SVS to make and settle trades. In particular, the SVS would become highly illiquid as until an alternative was implemented, investors would have no ability to affect a trade of securities through the facilities of the applicable stock exchange. Curaleaf has obtained eligibility with The Depository Trust Company ("DTC") for its SVS quotation on the OTCQX and such eligibility provides another possible avenue to clear the SVS in the event of a CDS ban. Revocation of DTC eligibility or implementation by DTC of a ban on the clearing of securities of issuers with cannabis-related activities in the U.S. would similarly have a material adverse effect on the ability of holders of the SVS to make and settle trades.

Compliance and Monitoring

As of the date of this MD&A, the Company believes that each of its licensed operating entities: (a) holds all applicable licenses to cultivate, manufacture, possess and/or distribute cannabis in each respective state and (b) is in good standing and in material compliance with each respective state's cannabis regulatory program. While the Company may be cited and fined by state regulators from time to time for failure to comply with cannabis regulations related to product labelling and testing, product potency, the use of banned additives and similar regulatory matter, the Company is not aware of any circumstances that are likely to result in regulatory actions that would have a material impact on its operations in any state.

The Company uses reasonable commercial efforts to ensure that its business is in material compliance with laws and applicable licensing requirements, and the Company engages in the regulatory and legislative process nationally and in every state in which the Company operates through our compliance department, government relations department, outside government relations consultants, cannabis industry groups and legal counsel.

The compliance department consists of our Chief Compliance Officer ("CCO"), James Shorris, as well as regional and state-level compliance officers. Each compliance officer is charged with knowing the local regulatory process in the state or states for which he or she is responsible and for monitoring developments with their governing bodies. Each compliance officer regularly reports regulatory developments to the Company's CCO through written and oral communications and are charged with the creation and implementation of plans regarding all regulatory developments. The Company's CCO collaborates with external legal advisors in the states in which the Company operates to ensure that the Company is in ongoing compliance with applicable state laws.

The government relations department, consisting of two vice presidents, Matt Harrell and Don Williams, work closely with Curaleaf management to develop relationships with local and state regulators, industry groups and elected officials, in order

to effectively monitor and engage in the regulatory and legislative processes. The Company's Government Relations Department develops strategies, engages legislative consultants, directly lobbies and works with third party groups to protect the Company's right to operate and to advocate for legislation, regulations and oversight under which it can be successful.

Although the Company believes that its business activities are materially compliant with applicable and state and local laws of the U.S., strict compliance with state and local laws with respect to cannabis may neither absolve the Company of liability under U.S. federal law nor provide a defense to any federal proceeding which may be brought against the Company. Any such proceedings brought against the Company may result in a material adverse effect on the Company. The Company derives nearly 100% of its revenues from the cannabis industry in certain states, which industry is illegal under U.S. federal law. Even where the Company's cannabis-related activities are compliant with applicable state and local law, such activities remain illegal under U.S. federal law. The enforcement of relevant federal laws is a significant risk.

In addition to the above disclosure, please see the "Risk Factors" section of the AIF for further risk factors associated with the operations of the Company and the Company.

The U.S. States The Company Operates In, Their Legal Framework and How It Affects Our Business

The chart below depicts: (i) the states in which the Company operates and includes the date of legalization of cannabis for medicinal and/or recreational use and (ii) for each U.S. state the Company operates in, the number of dispensaries, processing facilities and cultivation sites (along with cultivation square footage) the Company owns, as well as the categories of products that are permitted in each such state.

Each U.S. state has various licensing requirements, restrictions on the number of facilities license holders may operate, limitations on the number of license holders in the state and various other regulations, which are enforced by applicable state agencies as discussed below. The Company conducts its operations in each respective state in compliance, in material respects, with each regulation applicable to it in such state.

All the states in which the Company operates have adopted legislation to permit the use of cannabis products for certain qualifying conditions and diseases, when recommended by a medical doctor, including Kentucky which recently allowed the use and possession of medical cannabis legally purchased from neighboring states by patients with qualifying medical conditions. Recreational marijuana, or adult-use cannabis, is legal cannabis sold in licensed dispensaries to adults ages 21 and older. Kentucky's hemp program was introduced in 2013 and currently only allows hemp-derived products wholesale, including cannabinoids such as CBD and cannabigerol ("CBG").

The following table summarizes the domestic operations of the Company as of December 31, 2023:

Continuing Operations											
State	Medicinal Legalization	Adult use Legalization	Dispensaries	Processing Facilities	Cultivation Sites	Square Feet	Permitted Products				
							Oil	Edibles	Flower	Delivery	Wholesale
AZ	2010	2020	16	3	3	193,300	X ⁽¹⁾	X	X	X ⁽⁴⁾	X
CT	2012	2021	4	1	1	24,510	X ⁽¹⁾	X	X	—	X
FL	2014	—	61	2	2	386,110	X ⁽¹⁾	X	X	X	X
IL	2013	2019	10	1	1	104,418	X ⁽²⁾	X	X	—	X ⁽³⁾
MA	2012	2016	4	1	1	59,474	X ⁽²⁾	X	X	X ⁽⁵⁾	X
MD	2013	2023	4	1	1	30,982	X ⁽¹⁾	X	X	X	X
ME	1999	2019	4	1	1	79,926	X	X	X	—	X
MO	2018	2022	—	1	—	—	—	—	X	—	—
ND	2016	—	4	1	1	16,500	X ⁽²⁾	X	X	X ⁽⁵⁾	X
NJ	2010	2020	3	1	1	61,000	X ⁽¹⁾	X	X	X	X
NV	2013	2016	7	3	1	33,866	—	—	X	—	—
NY	2014	2021	4	1	1	110,496	X ⁽¹⁾	X	X	X ⁽⁵⁾	X ⁽³⁾
OH	2016	—	2	1	1 Level 1	20,100	X	—	X	X ⁽³⁾	X
PA	2016	—	18	2	2	131,500	X ⁽¹⁾	X	X	X	X
UT	2018	—	4	1	1	67,500	X ⁽²⁾	—	X	—	—
			145	24	18	1,319,682					

Discontinued Operations											
State	Medicinal Legalization	Adult-use Legalization	Dispensaries	Processing Facilities	Cultivation Sites	Square Feet	Permitted Products				
							Oil	Edibles	Flower	Delivery	Wholesale
CA	1996	2016	—	2	—	—	X ⁽²⁾	X	X	X	X
KY	—	—	—	1 ⁽⁶⁾	—	—	—	—	—	—	—
MI	2008	2018	3	—	—	—	X ⁽¹⁾	X	X	X	—
OR	1998	2014	1	1	1	37,000	X ⁽¹⁾	X	X	X	X
			4	4	10	37,000					

(1) Extracted oils only

(2) Oil-based formulations only

(3) Permitted with approval

(4) Medical only

(5) Permitted but Curaleaf dispensaries are not currently participating in home delivery

(6) Manufacturing and distribution of hemp-derived products, such as CBD and CBG

Arizona

Arizona Licensing Scheme

Arizona’s licensing body for medical and adult-use cannabis is the Arizona Department of Health Services (“AZDHS”). The market is divided into two classes of licenses: medical and adult use. Each license grants the licensee the ability to have one dispensary, one processing site, and one cultivation site. There is no requirement for vertical integration in Arizona and off-site processing and cultivation locations can be jointly used by marijuana establishments. As of December 31, 2023, there were 168 operating dispensaries.

Arizona Medical Patient Requirements

For medical card holders, acceptable diagnoses include agitation of Alzheimer’s disease, Amyotrophic Lateral Sclerosis (“ALS”), any chronic or debilitating medical condition or disease or the treatment for one that causes cachexia or wasting syndrome, cancer, chronic pain, such as from migraines or arthritis, Crohn’s disease, glaucoma, human immunodeficiency virus (“HIV”) or acquired immune deficiency syndrome (“AIDS”), hepatitis C, post-traumatic stress disorder (“PTSD”),

severe nausea, severe or persistent muscle spasms, such as those associated with multiple sclerosis (“MS”) and seizures, including from epilepsy.

Arizona Recent and Proposed Legislation

Some of the recently proposed legislation currently under review in Arizona includes: HB2770: Marijuana; Interstate Agreements; Delivery, which would allow for the Governor to enter into agreements with other states for the purpose of the interstate sale of marijuana between the states upon a change in federal law permitting the same; SB1262: Marijuana; Social Equity Licenses; Enforcement, which would create a new legal pathway for social equity licensees to report so-called predatory financial agreements, and let the state attorney general’s office investigate and prosecute some of the companies that now control many of the permits; and HB2301: Landlords: Tenant’s Marijuana Use, which prohibits a landlord from terminating a tenant’s rental agreement because the tenant uses marijuana.

Connecticut

Connecticut Licensing Scheme

The Connecticut Department of Consumer Protection (the “DCP”) is responsible for licensing and regulating both medical and adult-use cannabis establishments in Connecticut. The market is divided in five overarching categories of licenses: retail, cultivation, manufacturing, delivery, and individual licenses and registrations. There are 14 different cannabis license types and registrations issued by the DCP that fall into such categories. As of December 31, 2023, there were 21 medical dispensaries and the DCP had approved 25 provisional adult use retail licenses. A board-certified pharmacist must be on-site to dispense medical cannabis at a dispensary.

Connecticut Medical Patient Requirements

For medical card holders that are over 18, acceptable diagnoses include: cancer, glaucoma, positive status for HIV or AIDS, Parkinson’s Disease, MS, damage to the nervous tissue of the spinal cord with objective neurological indication of intractable spasticity, epilepsy, cachexia, wasting syndrome, Crohn’s Disease, PTSD, sickle cell disease, post laminectomy syndrome with chronic radiculopathy, severe psoriasis and psoriatic arthritis, ALS, ulcerative colitis, complex regional pain syndrome, (“CRPS”), Type 1 and Type II, cerebral palsy, cystic fibrosis, irreversible spinal cord injury with objective neurological indication of intractable spasticity, terminal illness requiring end-of-life care, uncontrolled intractable seizure disorder, spasticity or neuropathic pain associated with fibromyalgia, severe rheumatoid arthritis, post herpetic neuralgia, hydrocephalus with intractable headache, intractable headache syndromes, neuropathic facial pain, muscular dystrophy, osteogenesis imperfecta, chronic neuropathic pain associated with degenerative spinal disorders and interstitial cystitis. For medical card holders under 18, acceptable diagnoses include: cerebral palsy, cystic fibrosis, irreversible spinal cord injury with objective neurological indication of intractable spasticity, severe epilepsy, terminal illness requiring end-of-life care, uncontrolled intractable seizure disorder, muscular dystrophy, osteogenesis imperfecta, intractable neuropathic pain that is unresponsive to standard medical treatments, Tourette’s Syndrome for patients who have failed standard medical treatment, and chronic pancreatitis for patients whose pain is recalcitrant to standard medical management.

Connecticut Recent and Proposed Legislation

Effective July 1, 2021, adult-use was legalized in Connecticut. Applications for licenses became available on February 3, 2022. Each municipality must approve zoning to allow for cannabis establishments including retailers and micro-cultivators. Municipalities also have the authority to establish restrictions, make zoning updates and collect certain tax. The provisional license does not allow an adult-use cannabis establishment to commence operations until all final license requirements are met. Retail sales of adult-use cannabis commenced in Connecticut on January 10, 2023. More recent legislation enacted last year, among other things, defined edible cannabis product, established off-site event permits for retailers and hybrid retailers of adult-use cannabis and required the Commissioner of Consumer Protection to adopt certain regulations concerning cannabis labeling and packaging.

Florida

Florida Licensing Scheme

Florida’s licensing body is the Department of Health Office of Medical Marijuana Use (“OMMU”). The OMMU has authorized 22 Medical Marijuana Treatment Centers in the state that cover all vertically integrated sites (cultivation,

processing, fulfillment/storage, and dispensing) and sites are approved under a function that falls under either cultivation, processing, fulfillment/storage, or dispensing. There is no limit on the number of dispensaries, fulfillment/storage warehouses, processing sites, or cultivation sites. However, there is a requirement to receive local zoning approval for each proposed dispensary.

Florida Medical Patient Requirements

For medical card holders, acceptable diagnoses include: cancer, epilepsy, glaucoma, HIV or AIDS, PTSD, ALS, Crohn's disease, Parkinson's disease, MS, medical conditions of the same kind or class as or comparable to those enumerated in the above, a terminal condition diagnosed by a physician other than the qualified physician issuing the physician certification and chronic non-malignant pain.

Florida Recent and Proposed Legislation

Last year, legislation was enacted that requires qualified physicians to perform in-person physical patient examinations before issuing initial physician certifications for the medical use of marijuana, authorizes such qualified physicians to perform patient examinations and evaluations through telehealth for renewals of physician certifications for the medical use of marijuana under certain circumstances.

Illinois

Illinois Licensing Scheme

Illinois' licensing body is the Illinois Department of Financial and Professional Regulation ("IDFPR") for retail and Illinois Department of Agriculture for cultivation/processing. The main classes of licenses include retail, cultivation, craft growers, infusers and transporters. For cultivation/processing, no more than three cultivation licenses are allowed per entity and for retail, no more than 10 locations per entity. As of December 31, 2023, there were 177 adult use operational dispensaries.

Illinois Medical Patient Requirements

For medical card holders, acceptable diagnoses include: Alzheimer's Disease, HIV or AIDS, ALS, Arnold-Chiari Malformation, cachexia/wasting syndrome, cancer, causalgia, chronic inflammatory demyelinating polyneuropathy, Crohn's Disease, CRPS, dystonia, fibrous dysplasia, glaucoma, hepatitis C, hydrocephalus, hydromyelia, interstitial cystitis, intractable pain, lupus, MS, muscular dystrophy, myasthenia gravis, myoclonus, nail patella syndrome, neurofibromatosis, Parkinson's Disease, PTSD, reflex sympathetic dystrophy, residual limb pain, rheumatoid arthritis, seizures disorders, severe fibromyalgia, Sjogren's Syndrome, spinal cord disease, spinal cord injury, indication of intractable spasticity, spinocerebellar ataxia, syringomyelia, Tarlov cysts, Tourette Syndrome, traumatic brain injury and patients with valid opioid prescriptions.

Illinois Recent and Proposed Legislation

In June 2019, Illinois legalized adult-use cannabis pursuant to the Cannabis Regulation and Tax Act (the "IL Act"). The IL Act authorizes IDFPR to issue up to 75 Conditional Adult-Use Dispensing Organization licenses before May 1, 2020 and an additional 110 conditional licenses during 2021. No person may hold a financial interest in more than 10 dispensing organizations. On September 3, 2021, the IDFPR announced the results of the lotteries to award 185 conditional adult-use dispensing licenses. On June 23, 2022, a corrective lottery was conducted for up to 75 additional licenses. Last year, legislation was enacted amending the Cannabis Regulation and Tax Act, to provide among other things that a craft grower may contain up to 14,000 square feet of canopy space on its premises for plants in the flowering state.

Maine

Maine Licensing Scheme

Maine's licensing body is the Department of Administrative and Financial Services Office of Cannabis Policy. There currently is no limit on the number medical or adult use licenses, however, municipalities must opt-in for adult use and medical dispensary owners must be Maine residents. Medical licenses can be vertical (one license per dispensary, one license per entity) and must have local approval and relevant licensing (tobacco, food license). Additionally, adult use

licenses are also unlimited and are as follows: retail, cultivation, and manufacturing. Licensees may obtain licenses in each license type. As of December 31, 2023, there were 217 adult use dispensaries in operation.

Maine Medical Patient Requirements

For medical use, qualified practitioners may issue a certificate for any condition/reason where in their professional opinion a qualifying patient is likely to receive therapeutic or palliative benefit from the medical use of marijuana to treat or alleviate the patient's medical diagnosis. Medical patients may possess up to eight pounds of harvested marijuana.

Maine Recent and Proposed Legislation

Legislation enacted last year defined the term cannabis paraphernalia for purposes of the State Medical Use of Cannabis Act and the Cannabis Legalization Act, permits a caregiver to sell or provide cannabis paraphernalia to a qualifying patient for the patient's medical use of cannabis and provides that the medical use of cannabis does not permit any person to sell, offer to sell or furnish any products containing tobacco, nicotine or synthetic nicotine to any person without first obtaining a retail tobacco license. In addition, legislation enacted last year required implementation of a seed to sale tracking for cannabis plants, adult use cannabis and adult use cannabis products.

Maryland

Maryland Licensing Scheme

Maryland's licensing body is the Maryland Medical Cannabis Commission. The market is divided into the following types of licenses: dispensary, grower/cultivator, processor, independent testing laboratory and ancillary business. Each issued license is associated with one facility. As of December 31, 2023, there were 101 operational dispensaries. A person may not have interest in or control of, including the power to manage or operate, more than one grower license, one processor license and four dispensary licenses. Edibles are permitted under the condition that they are shelf stable. Topicals are also permitted.

Maryland Medical Patient Requirements

For medical use, acceptable diagnoses include cachexia, anorexia, wasting syndrome, severe or chronic pain, severe nausea, seizures, severe or persistent muscle spasms, glaucoma, PTSD, or another chronic medical condition which is severe and for which other treatments have been ineffective. A clinical director is required to be available electronically for all dispensaries.

Maryland Recent and Proposed Legislation

On November 8, 2022, Maryland voters, through a public ballot initiative, approved the legalization of adult-use cannabis. On July 1, 2023, the purchase and possession of cannabis for personal adult use became legal in Maryland for adults 21 and older. Other legislation enacted last year renamed the Alcohol and Tobacco Commission to be the Alcohol, Tobacco and Cannabis Commission; established the Maryland Cannabis Administration as an independent unit of State government and established a regulatory and licensing system for adult-use cannabis under the Administration, including imposition of a sales and use tax on the sale of adult-use cannabis; in addition, the Administration is required to establish and maintain a State cannabis testing laboratory.

Massachusetts

Massachusetts Licensing Scheme

Massachusetts' licensing body for medical and adult-use is the Cannabis Control Commission. Massachusetts' medical market includes the licensing of Medical Treatment Centers ("MTCs"), vertically integrated businesses that cultivate, process, and retail their own marijuana and marijuana products for medical use. The adult use market is divided into the following types of licenses: retail, cultivation, product manufacturer, testing laboratory, transporter, courier, research, social consumption establishments, microbusinesses, and delivery. As of December 31, 2023, there were 306 operational MTCs. No person or entity having direct or indirect control shall be granted, or hold, more than three licenses in a particular class and is limited to 100,000 square feet of canopy which is distributed across no more than three cultivation licenses and three MTCs.

Massachusetts Medical Patient Requirements

For medical use, acceptable diagnoses include cancer, glaucoma, positive status HIV, AIDS, hepatitis C, ALS, Crohn's disease, Parkinson's disease and MS, when such diseases are debilitating, and other debilitating conditions as determined in writing by a Qualifying Patient's healthcare provider.

Missouri

Missouri Licensing Scheme

Missouri's licensing body is the Missouri Department of Health and Senior Services ("DHSS"). The market is divided into the following types of licenses: cultivation, infused products manufacturing facility, dispensary facility, transportation facility, testing facility, and microbusiness. As of December 31, 2023, there were 203 operational dispensaries. There are no vertical integration requirements in Missouri and one license allows one facility. Facilities may not be owned, in whole or in part, or have as an officer, director, board member, or manager, any individual with a disqualifying felony offense. Any owner may not be an owner in more than ten percent of the total number of comprehensive and medical licenses, within a facility type.

Missouri Medical Patient Requirements

For medical card holders, acceptable diagnoses/qualifying medical conditions include: cancer; epilepsy; glaucoma; intractable migraines unresponsive to other treatment; a chronic medical condition that causes severe, persistent pain or persistent muscle spasms, including, but not limited to, those associated with MS, seizures, Parkinson's disease and Tourette's syndrome; debilitating psychiatric disorders, including, but not limited to, PTSD, if diagnosed by a state licensed psychiatrist; HIV or AIDS; a chronic medical condition that is normally treated with a prescription medication that could lead to physical or psychological dependence, when a physician determines that medical use of cannabis could be effective in treating that condition and would serve as a safer alternative to the prescription medication; any terminal illness; or in the professional judgment of a physician, any other chronic, debilitating or other medical condition, including, but not limited to, hepatitis C, ALS, inflammatory bowel disease, Crohn's disease, Huntington's disease, autism, neuropathies, sickle cell anemia, agitation of Alzheimer's disease, cachexia and wasting syndrome.

Missouri Recent and Proposed Legislation

On November 8, 2022, Missouri voters approved a constitutional amendment to allow for the legalization of adult use cannabis. Beginning December 8, 2022, existing medical license holders were permitted to apply to convert their existing medical license to a comprehensive facility license, permitting the license holder to participate in both the medical and adult use markets. DHSS must take action on all such applications within 60 days. The first adult-use retail sales commenced on February 23, 2023.

Nevada

Nevada Licensing Scheme

Nevada's licensing body for medical and adult-use is the Cannabis Compliance Board ("CCB"). The market is divided into the following types of licenses: cultivation, product manufacturing, distribution, dispensary/retail, testing laboratory and a newly available consumption lounge license. There is no specific limit on licenses for Nevada and as of December 31, 2023, there were 101 operational retail dispensaries. Licenses are only granted during licensing rounds and licensing rounds are not regularly scheduled but held as needed, per jurisdiction.

Nevada Medical Patient Requirements

For medical use, acceptable diagnoses include: AIDS; an anxiety disorder; an autism spectrum disorder; an autoimmune disease; anorexia nervosa; cancer; dependence upon or addiction to opioids; glaucoma; cachexia; muscle spasms, including, without limitation, spasms caused by MS; seizures, including, without limitation, seizures caused by epilepsy; nausea; or severe or chronic pain; a medical condition related to the HIV; and a neuropathic condition, whether or not such condition causes seizures.

Nevada Recent and Proposed Legislation

Legislation enacted last year provides that the CCB has the power to, among other things, seize and destroy cannabis and cannabis products involved in unlicensed cannabis activities and commit resources and take action to address unlicensed cannabis activities, including, without limitation investigating and referring matters involving unlicensed cannabis activities to the appropriate State or local law enforcement agency. Other legislation enacted last year requires a cannabis establishment agent to verify the age of a consumer before selling cannabis or a cannabis product to the consumer, sets forth the method by which the age verification is required to be performed.

New Jersey

New Jersey Licensing Scheme

New Jersey's licensing body is the New Jersey Cannabis Regulatory Commission. The medical market consists of licensed "alternative treatment centers" ("ATCs"), which are vertically integrated licenses that allow the holder to seek cultivation, manufacturing, or dispensing specific licensure. The adult use market consists of separate cultivation, manufacturing, wholesale, distributor, retail, and delivery licenses. Adult use licensees may integrate vertically and hold any combination of a cultivator license, a manufacturer license, a retailer license, and a delivery service license simultaneously or hold a wholesale and a distributor license simultaneously. All recreational license holders can have only one business in each class. There is no established limit on the number of cannabis business licenses available statewide. As of December 31, 2023, there were 23 operational medical dispensaries. Adult use sales began on April 21, 2022.

New Jersey Medical Patient Requirements

For medical use, acceptable diagnoses include: ALS, anxiety, cancer, chronic pain, dysmenorrhea, glaucoma, inflammatory bowel disease, including Crohn's disease, intractable skeletal muscular spasticity, migraines, MS, muscular dystrophy, opioid use disorder, positive status for HIV and AIDS, PTSD, seizure disorder, including epilepsy, terminal illness with prognosis of less than 12 months to live, or Tourette's Syndrome.

New Jersey Recent and Proposed Legislation

Legislation enacted last year provides that in the case of a taxpayer that is a cannabis licensee, there shall be allowed as a deduction an amount equal to any expenditure that is eligible to be claimed as a federal income tax deduction but is disallowed because cannabis is a controlled substance under federal law and income shall be determined without regard to section 280E of the Internal Revenue Code for cannabis licensees.

New York

New York Licensing Scheme

New York's licensing body, the Cannabis Control Board ("CCB") within the Office of Cannabis Management is responsible for regulating the new adult-use marijuana market as well as the existing medical marijuana and hemp cannabinoid programs. The CCB approves entities to operate as "registered organizations," which are vertically integrated and permit the entity to operate one medical cultivation/processing facility and up to four medical dispensaries. The CCB also issues adult use licenses, including cultivation, processing, distributing, retail, and microbusiness licenses. To date, there are 40 operational registered organization dispensary locations and 75 adult use cannabis dispensaries across New York State.

New York Medical Patient Requirements

On January 24, 2022, the OCM announced the launch of a new Medical Cannabis Program certification and registration system expanding the existing medical cannabis program. Moving forward, the program will allow the certification of a patient by a practitioner for any condition that the practitioner believes can be treated with medical cannabis.

New York Recent and Proposed Legislation

On November 21, 2022, the CCB released draft regulations implementing the adult-use cannabis program. Among these regulations were specific provisions outlining the licensing requirements and processes for registered organizations to participate in the adult-use market. The draft regulations were published in the New York State Register on June 14th, 2023. The regulations were approved by the Cannabis Control Board on September 12th, 2023.

North Dakota

North Dakota Licensing Scheme

The licensing body is the North Dakota Department of Health and Human Services. The market is divided into two classes of licenses: manufacturing facility and dispensary. Each license grants the licensee the ability to have one dispensary or manufacturing facility. State law only permits the licensing of up to 2 manufacturing facilities, and no more than 8 dispensaries, unless the DHHS determines additional licenses are necessary. All licenses have been awarded at this time.

The activities of a manufacturing facility are limited to producing and processing and to related activities, including acquiring, possessing, storing, transferring and transporting marijuana and usable marijuana (other than edibles), for the sole purpose of selling usable marijuana to a dispensary. Additional subcategories of cultivation only and manufacturing licenses only were established in October 2022. The activities of a dispensary are limited to purchasing usable marijuana from a manufacturing facility, and related activities, including storing, delivering, transferring, and transporting usable marijuana, for the sole purpose of dispensing usable marijuana to a registered qualifying patient/designated caregiver.

North Dakota Medical Patient Requirements

For medical card holders, acceptable diagnoses include cancer; positive status for HIV; AIDS; decompensated cirrhosis caused by hepatitis C; ALS; PTSD; agitation of Alzheimer's disease or related dementia; Crohn's disease; fibromyalgia; spinal stenosis or chronic back pain, including neuropathy or damage to the nervous tissue of the spinal cord with objective neurological indication of intractable spasticity; glaucoma; epilepsy; anorexia nervosa; bulimia nervosa; anxiety disorder; Tourette's syndrome; Ehlers-Danlos syndrome; endometriosis; interstitial cystitis; neuropathy; migraine; rheumatoid arthritis; autism spectrum disorder; a brain injury; a terminal illness; or a chronic or debilitating disease or medical condition or treatment for such disease or medical condition that produces one or more of the following: cachexia or wasting syndrome; severe debilitating pain that has not responded to previously prescribed medication or surgical measures for more than three months or for which other treatment options produced serious side effects; intractable nausea; Seizures; or severe and persistent muscle spasms, including those characteristic of MS.

North Dakota Recent and Proposed Legislation

On November 8, 2022, North Dakota voters rejected an adult-use program via initiated ballot measure.

Ohio

Ohio Licensing Scheme

As of January 1, 2024, regulatory oversight of Ohio's cannabis program is shared between two offices: (a) the Division of Cannabis Control ("DCC") within the Ohio Department of Commerce oversees the registration of patients and caregivers, and licenses medical cultivators, processors, dispensaries, and testing laboratories; and (b) the State Medical Board of Ohio is responsible for certifying physicians to recommend medical cannabis and approving qualifying conditions. The DCC will also oversee the licensing and regulation of the adult-use cannabis program as well. The medical market is divided into the following types of licenses: cultivator (Level I and Level II), processor, dispensary, and testing. Each license grants access to one facility and as of December 31, 2023, there were 120 dispensaries with certificates of operation.

Ohio Medical Patient Requirements

For medical card holders, acceptable diagnoses include AIDS, Alzheimer's disease, ALS, cachexia, cancer, chronic traumatic encephalopathy, Crohn's disease, epilepsy or another seizure disorder, fibromyalgia, glaucoma, hepatitis C, Huntington's disease, inflammatory bowel disease, MS, pain that is either chronic and severe or intractable, Parkinson's disease, positive status for HIV, PTSD, sickle cell anemia, spasticity, spinal cord disease or injury, terminal illness, Tourette's syndrome, traumatic brain injury, or ulcerative colitis.

Ohio Recent and proposed Legislation

Ohio became the 24th state to legalize adult-use cannabis when voters approved Issue 2 in November of 2023. Legal possession of marijuana and home-grow cultivation became legal effective December 7, 2023. The first set of proposed rules for adult-use license applications were published on January 29, 2024. The initial applications for licenses will be available by June 7, 2024, and provisional licenses will be granted by September 7, 2024.

Pennsylvania

Pennsylvania Licensing Scheme

Pennsylvania's licensing body is the Pennsylvania Department of Health. The market is divided into the following types of licenses: grower processor, dispensary, and clinical registrants. A pharmacist is required to be available for all dispensaries and as of December 31, 2023, there were 177 operational dispensaries and 33 operational grower/processors.

Pennsylvania Medical Patient Requirements

For medical card holders, acceptable diagnoses include ALS; anxiety disorders; autism; cancer, including remission therapy; Crohn's disease; damage to the nervous tissue of the central nervous system (brain-spinal cord) with objective neurological indication of intractable spasticity and other associated neuropathies; dyskinetic and spastic movement disorders; epilepsy; glaucoma; HIV or AIDS; Huntington's disease; inflammatory bowel disease; intractable seizures; MS; neurodegenerative diseases; neuropathies; opioid use disorder for which conventional therapeutic interventions are contraindicated or ineffective, or for which adjunctive therapy is indicated in combination with primary therapeutic interventions; Parkinson's disease; PTSD; severe chronic or intractable pain of neuropathic origin or severe chronic or intractable pain; sickle cell anemia; terminal illness; and Tourette's syndrome.

Pennsylvania Recent and Proposed Legislation

Legislation enacted last year impacts which grower-processors may also hold dispensary licenses. Under prior state law, no more than five of the state's 25 grower-processor license holders could also hold dispensary licenses. Others were required to sell their products to a licensed dispensary, which in turn can sell products to patients. Under the enacted legislation, all 10 of the state's independent grower-processors may receive a dispensary permit that would allow them to operate up to three retail locations. And all independent dispensaries would be eligible to grow and process marijuana products.

Utah

Utah Licensing Scheme

As of January 1, 2024, Utah's medical only market is overseen by the Utah Department of Agriculture ("DOA"). In addition to the DOA's licensing of pharmacies (retail) and couriers, the newly established Cannabis Production Establishment Licensing Advisory Board within the DOA also regulates cannabis cultivation and processing licenses. There are currently no new pharmacy or cultivation licenses available, but Utah does not restrict the number of processing licenses available within the state. Licensees are permitted to hold multiple types of licenses, but licenses are not transferable or assignable, though changes of ownership of less than 50% are permitted without the need to apply for a new license.

Utah Medical Patient Requirements

For medical card holders, acceptable diagnoses include HIV or AIDS; Alzheimer's disease; ALS; cancer; cachexia; persistent nausea that is not significantly responsive to traditional treatment, except for nausea related to: pregnancy, cannabis-induced cyclical vomiting syndrome, cannabinoid hyperemesis syndrome; Crohn's disease or ulcerative colitis; epilepsy or debilitating seizures; MS or persistent and debilitating muscle spasms; PTSD that is being treated and monitored by a licensed health therapist, and that has been diagnosed by a healthcare provider by the Veterans Administration and documented in the patient's record or has been diagnosed or confirmed by evaluation from a psychiatrist, masters prepared psychologist, a masters prepared licensed clinical social worker, or a psychiatric advanced practice registered nurse; autism; a terminal illness when the patient's life expectancy is less than six months; a condition resulting in the individual receiving hospice care; a rare condition or disease that affects less than 200,000 individuals in the U.S., as defined in federal law, and that is not adequately managed, despite treatment attempts using conventional medications (other than opioids or opiates) or physical interventions; or pain lasting longer than two weeks that is not adequately managed, in the qualified medical provider's opinion, despite treatment attempts using conventional medications other than opioids or opiates or physical interventions.

RISK FACTORS

A discussion of the risk factors to which Curaleaf is subject is presented in the section entitled “*Risk Factors*” of the Company’s AIF, which section is incorporated by reference herein. The AIF is available on SEDAR+ (www.sedarplus.ca) and EDGAR (www.sec.gov/edgar) under the Company’s profile.

The risks and uncertainties outlined in the AIF and elsewhere in this MD&A are not the only ones facing the Company. Additional risks and uncertainties not presently known to the Company or currently deemed immaterial by the Company, may also impair the operations of the Company. If any such risks actually occur, shareholders of the Company could lose all or part of their investment and the business, financial condition, liquidity, results of operations and prospects of the Company could be materially adversely affected and the ability of the Company to implement its growth plans could be adversely affected.

The acquisition of any of the securities of the Company is speculative, involving a high degree of risk and should be undertaken only by persons whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Company should not constitute a major portion of an individual’s investment portfolio and should only be made by persons who can afford a total loss of their investment. The Company’s shareholders should carefully evaluate the following risk factors associated with the Company’s securities described in the AIF, along with the risk factors described elsewhere in this MD&A.