Exhibit 99.2

CURALEAF HOLDINGS, INC.

Consolidated Financial Statements
As of and for the Years Ended
December 31, 2023 and 2022

(Expressed in Thousands United States Dollars Unless Otherwise Stated)

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Curaleaf Holdings, Inc.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Curaleaf Holdings, Inc. (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations, comprehensive loss, temporary equity and shareholders' equity, and cash flows for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the Company's internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control–Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 6, 2024, expressed an unqualified opinion.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Valuation of inventory

As described in Notes 3 and 8, to the consolidated financial statements, the Company's inventory, net at December 31, 2023, was $215.9 million and consists of cannabis and non-cannabis raw materials, work-in-process and finished goods. Inventory is valued at cost and subsequently at the lower of cost and net realizable value. Significant inputs and assumptions including allocation of production and overhead costs to units produced. In addition, the Company records a provision for aged, obsolete, or unsellable inventory, which can involve a high degree of judgment. The Company periodically reviews its inventory and identifies which is aged, obsolete, or unsellable by considering factors such as inventory levels, expected product life and forecasted sales demand.

The valuation of inventory was identified as a critical audit matter because of the significant assumptions management makes with regards to its valuation of inventory and the increased extent of effort required performing audit procedures to evaluate the reasonableness of management's assumptions and estimates.

The primary procedures we performed to address this critical audit matter included:

- Performed an observation of the Company's physical inventory count, including independent test counts thereon.

- Obtained an understanding of and evaluated the design of the internal controls over management's valuation of inventory including the allocation of production and overhead costs to inventories.
- Obtained an understanding of management's policy for setting standard costs including yield and lifecycle assumptions and evaluated the reasonableness of the significant assumptions by testing inventory costs based on historical production and third-party purchases.
- Evaluated the appropriateness of management's methodologies used, as well as the significant assumptions and inputs, in developing their assessment of net realizable value and their estimated reserve for slow-moving or excess inventory by comparing significant assumptions used by management to historical information, independent calculations, current selling prices and current costs, and evidence obtained in other areas of the audit.
- Tested the mathematical accuracy of the calculations performed along with assessing the completeness and accuracy of the information used in the calculations.

Evaluation of the impairment analysis for goodwill and intangible assets

As described in Note 12 to the financial statements, the carrying values of the Company's goodwill and intangible assets, net of accumulated amortization, was $626.6 million and $1,172.4 million, respectively, as of December 31, 2023. The Company performs impairment testing on an annual basis or whenever there is a triggering event. Impairment charges are determined by comparing the fair value of the reporting unit to its carrying value.

The Company recognized an impairment charge in the amount of $58.5 million, allocated $50.7 million to goodwill and $7.8 million to intangible assets during the year ended December 31, 2023. We identified the evaluation of goodwill and intangible asset impairment as a critical audit matter. There was a high degree of auditor judgment required to evaluate the significant assumptions used in determining the fair value estimates, which required the use of professionals with specialized skills and knowledge. The sensitivity of reasonably possible changes to those assumptions could have a significant impact on the determination of the fair value and the Company's assessment of impairment.

The primary procedures we performed to address this critical audit matter included:

- Obtained an understanding of and evaluated the design of the internal control related to management's process as it relates to the impairment of goodwill and intangible assets.
- Confirmed the appropriateness of the reporting units evaluated in performing management's impairment analysis.
- Evaluated the impairment analysis performed by a third party retained by management to assist with the Company's impairment assessments.
- Evaluated the credentials of the third-party valuation firm to determine whether the personnel had the appropriate experience and expertise to perform the impairment analysis.
- Evaluated the Company's forecasted sales growth rates and margins and compared the growth assumptions to the Company's historical performance and to relevant market data.
- With the assistance of our firm valuation specialists, we tested the appropriateness of the judgments and assumptions used by management in conducting its impairment analysis, including:
    - i. Tested the mathematical accuracy of the calculations performed along with assessing the completeness and accuracy of the information used in the calculations.
    - ii. Evaluated the appropriateness of the valuation methodologies used, as well as the reasonableness of significant assumptions and inputs used, including anticipated future cash flows, discount rates, market multiples, risk-free rate, and the weighted-average cost of capital.
    - iii. Performed sensitivity analyses to evaluate the changes in the fair value of the reporting units that we deemed to be at risk of impairment.
    - iv. Compared significant assumptions used by management to historical results of operations, industry and market data, and other evidence obtained in the performance of the audit.

- Assessed the adequacy of the disclosures related to goodwill and intangible assets in the consolidated financial statements.

We have served as the Company's auditor since 2022.

/s/ PKF O'Connor Davies, LLP

New York, New York

March 6, 2024

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Curaleaf Holdings, Inc.

Opinion on Internal Control Over Financial Reporting

We have audited Curaleaf Holdings, Inc.'s (the "Company") internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control–Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2023, based on criteria established in *Internal Control–Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated balance sheets of the Company as of December 31, 2023 and 2022, and the related consolidated statements of operations, comprehensive loss, temporary equity and shareholders' equity, and cash flows for each of the two years in the period ended December 31, 2023, and our report dated March 6, 2024, expressed an unqualified opinion.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management's Annual Report on Internal Controls over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; 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 financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PKF O'Connor Davies, LLP

New York, New York

March 6, 2024

Curaleaf Holdings, Inc.
Consolidated Balance Sheets
(in thousands)

	Note	December 31, 2023	December 31, 2022
Assets			
Current assets:			
Cash, cash equivalents and restricted cash		$ 91,818	$ 163,177
Accounts receivable, net of allowance for credit losses of $6,717 and $4,042, respectively	*7*	55,660	45,179
Inventories, net	*8*	215,913	234,782
Assets held for sale	*5*	17,795	180,452
Prepaid expenses and other current assets		30,397	28,835
Current portion of note receivable	*9*	7,020	—
Total current assets		418,603	652,425
Deferred tax asset	*21*	419	1,564
Property, plant and equipment, net	*10*	571,627	595,846
Right-of-use assets, finance lease, net	*11*	143,203	156,586
Right-of-use assets, operating lease, net	*11*	118,435	118,155
Intangible assets, net	*12*	1,172,445	1,213,303
Goodwill	*12*	626,628	625,129
Investments		2,477	2,797
Income tax receivable		30,168	33,296
Other assets	*4,21*	12,571	15,459
Total assets		$ 3,096,576	$ 3,414,560
Liabilities, Temporary equity and Shareholders' equity			
Current liabilities:			
Accounts payable	*26*	$ 79,319	$ 80,789
Accrued expenses	*13*	101,311	103,311
Income tax payable	*21*	198,056	149,569
Lease liabilities, finance lease - current	*11*	9,428	8,340
Lease liabilities, operating lease - current	*11*	15,993	17,001
Notes payable - current	*14,25*	39,478	51,882
Contingent consideration liability - current	*4,26*	11,901	18,538
Liabilities held for sale	*5*	9,173	36,529
Deferred consideration liability - current	*4*	22,342	24,446
Financial obligation - current	*11*	5,777	4,740
Other current liabilities		1,256	1,723
Total current liabilities		494,034	496,868
Deferred tax liability	*21*	297,185	308,974
Notes payable, net	*14,25*	548,289	570,788
Lease liabilities, finance lease	*11*	159,961	167,411
Lease liabilities, operating lease	*11*	110,398	113,307
Uncertain tax position		79,142	94,516
Contingent consideration liability	*4,26*	4,724	10,572
Deferred consideration liability	*4*	21,310	36,854
Financial obligation	*11*	208,895	214,139
Other long-term liability		1,346	313
Total liabilities		1,925,284	2,013,742
Commitment and contingencies	*24*		
Temporary equity:			
Redeemable non-controlling interest contingency	*16*	120,650	121,113
Shareholders' equity:			
Additional paid-in capital		2,204,318	2,163,061
Treasury shares	*15*	(1,050)	(5,208)
Accumulated other comprehensive loss		(11,875)	(18,594)
Accumulated deficit		(1,140,751)	(859,554)
Total shareholders' equity		1,050,642	1,279,705
Total liabilities, temporary equity and shareholders' equity		$ 3,096,576	$ 3,414,560

The accompanying notes are an integral part of the Consolidated Financial Statements (as defined herein).

Curaleaf Holdings, Inc.
Consolidated Statements of Operations
(in thousands, except for share and per share amounts)

	Note	Year ended December 31, 2023	2022
Revenues, net:	*20*		
Retail and wholesale revenues		$ 1,340,778	$ 1,270,578
Management fee income		5,854	4,842
Total revenues, net		1,346,632	1,275,420
Cost of goods sold		732,183	649,001
Gross profit		614,449	626,419
Operating expenses:			
Selling, general and administrative	*18*	414,773	419,880
Share-based compensation	*17*	20,010	28,017
Depreciation and amortization	*10,11,12*	136,783	113,534
Total operating expenses		571,566	561,431
Income from operations		42,883	64,988
Other income (expense):			
Interest income		23	136
Interest expense	*14*	(57,966)	(55,201)
Interest expense related to lease liabilities and financial obligations	*11*	(42,416)	(33,641)
Loss on impairment	*10,11,12*	(67,076)	(82,615)
Other income, net	*19*	186	19,845
Total other expense, net		(167,249)	(151,476)
Loss before provision for income taxes		(124,366)	(86,488)
Provision for income taxes	*21*	(114,589)	(178,822)
Net loss from continuing operations		(238,955)	(265,310)
Net loss from discontinued operations	*6*	(51,382)	(111,622)
Net loss		(290,337)	(376,932)
Less: Net loss attributable to non-controlling interest		(9,140)	(6,833)
Net loss attributable to Curaleaf Holdings, Inc.		$ (281,197)	$ (370,099)
Per share – basic and diluted:	*22*		
Loss per share from continuing operations, net of loss attributable to non-controlling interest		$ (0.32)	$ (0.36)
Loss per share from discontinued operations		(0.07)	(0.16)
Loss per share attributable to Curaleaf Holdings, Inc. – basic and diluted		$ (0.39)	$ (0.52)
Weighted average common shares outstanding – basic and diluted	*22*	724,124,894	711,159,444

The accompanying notes are an integral part of the Consolidated Financial Statements (as defined herein).

Curaleaf Holdings, Inc.
Consolidated Statements of Comprehensive Loss
(in thousands)

	Year ended December 31,	
	2023	**2022**
Net loss from continuing operations	$ (238,955)	$ (265,310)
Foreign currency translation gain (loss)	11,230	(17,432)
Total comprehensive loss from continuing operations	(227,725)	(282,742)
Total comprehensive loss from discontinued operations, net of tax	(51,382)	(111,622)
Total comprehensive loss	(279,107)	(394,364)
Less: Comprehensive loss attributable to non-controlling interest	(4,629)	(12,415)
Comprehensive loss attributable to Curaleaf Holdings, Inc.	$ (274,478)	$ (381,949)

The accompanying notes are an integral part of the Consolidated Financial Statements (as defined herein).

Curaleaf Holdings, Inc.
Consolidated Statements of Temporary Equity and Shareholders' Equity
(in thousands, except for share amounts)

	Note	Redeemable non-controlling interest contingency	Common shares Number of Shares SVS*	Common shares Number of Shares MVS*	Additional paid-in capital	Treasury shares	Accumulated other comprehensive loss	Accumulated deficit	Total shareholders' equity
Balances as of December 31, 2021		$ 118,972	614,369,729	93,970,705	$ 2,047,531	$ (5,208)	$ (6,744)	$ (489,455)	$ 1,546,124
Issuance of shares in connection with acquisitions		—	7,392,857	—	35,671	—	—	—	35,671
Acquisition related deferred equity consideration		—	—	—	59,289	—	—	—	59,289
Acquisition escrow shares returned and retired		—	(980,098)	—	(10,370)	—	—	—	(10,370)
Initial non-controlling interest - Four20 Pharma		14,556	—	—	—	—	—	—	—
Foreign currency exchange variance		(5,582)	—	—	—	—	(11,850)	—	(11,850)
Exercise of stock options		—	1,269,953	—	524	—	—	—	524
Issuance of SVS for settlement of RSUs		—	1,315,176	—	(1,336)	—	—	—	(1,336)
Reclassifications	*2*	—	—	—	3,735	—	—	—	3,735
Share-based compensation		—	152,508	—	28,017	—	—	—	28,017
Net Loss		(6,833)	—	—	—	—	—	(370,099)	(370,099)
Balances as of December 31, 2022		121,113	623,520,125	93,970,705	2,163,061	(5,208)	(18,594)	(859,554)	1,279,705
Issuance of shares in connection with acquisitions		—	12,329,002	—	17,375	—	—	—	17,375
Issuance of shares in connection with public offering		—	2,700,000	—	11,497	—	—	—	11,497
SVS contributed to Curaleaf, Inc. in connection with the Reorganization	*2,15*	—	(254,315)	—	—	(1,050)	—	—	(1,050)
Acquisition escrow shares returned and retired		—	(350,794)	—	(2,465)	—	—	—	(2,465)
Contribution from non-controlling interest		4,166	—	—	—	—	—	—	—
Foreign currency exchange variance		4,511	—	—	—	—	6,719	—	6,719
Exercise of stock options		—	211,775	—	48	—	—	—	48
Issuance of SVS for settlement of RSUs		—	1,601,305	—	—	—	—	—	—
Reclassifications	*2*	—	—	—	(5,208)	5,208	—	—	—
Share-based compensation		—	—	—	20,010	—	—	—	20,010
Net Loss		(9,140)	—	—	—	—	—	(281,197)	(281,197)
Balances as of December 31, 2023		$ 120,650	639,757,098	93,970,705	$ 2,204,318	$ (1,050)	$ (11,875)	$ (1,140,751)	$ 1,050,642

*as defined herein

The accompanying notes are an integral part of the Consolidated Financial Statements (as defined herein).

Curaleaf Holdings, Inc.
Consolidated Statements of Cash Flows
(in thousands)

	Year ended December 31,	
	2023	2022
Cash flows from operating activities:		
Net loss from continuing operations	$ (238,955)	$ (265,310)
Adjustments to reconcile net loss to net cash provided by operating activities from continuing operations:		
Depreciation and amortization	195,880	155,978
Share-based compensation	20,010	28,017
Non-cash interest expense	14,402	11,609
Amortization of operating lease right-of-use assets	16,034	9,663
Loss on impairment	67,076	82,615
Gain on modification and extinguishment of debt	(2,065)	(205)
Loss on disposal of assets	8,541	548
Gain on investment	(2,073)	(21,952)
Non-cash adjustments to inventory	13,208	12,721
Allowance for credit losses	2,050	3,118
Deferred taxes	(29,900)	(15,121)
Other non-cash expenses	(5,010)	—
Payment of contingent consideration liability in excess of acquisition-date fair value	(2,095)	—
Changes in assets and liabilities:		
Accounts receivable, net	(12,221)	(3,329)
Inventories, net	9,851	(16,103)
Prepaid expenses and other current assets	(4,048)	(10,905)
Income tax receivable	12,331	(16,891)
Assets held for sale	3,959	—
Other assets	4,546	4,267
Accounts payable	2,230	50,094
Income tax payable	47,986	7,814
Operating leases	(16,536)	(5,309)
Accrued expenses	(13,957)	56,403
Net cash provided by operating activities from continuing operations	91,244	67,722
Net cash used in operating activities from discontinued operations	(15,983)	(21,319)
Net cash provided by operating activities	75,261	46,403
Cash flows from investing activities:		
Purchases of property, plant and equipment, net of proceeds from disposals	(65,446)	(134,643)
Proceeds from sale of entities	—	10,987
Proceeds from consolidation of acquisitions	—	29,894
Purchases of intangibles	(4,857)	—
Acquisition related cash payments	(3,630)	(119,205)
Payments received on notes receivable	—	2,315
Issuance of notes receivable to third party	(7,020)	—
Dividend received	—	468
Net cash used in investing activities from continuing operations	(80,953)	(210,184)
Net cash provided by (used in) investing activities from discontinued operations	2,266	(9,696)
Net cash used in investing activities	(78,687)	(219,880)
Cash flows from financing activities:		
Proceeds from issuance of notes payable	8,612	—
Minority interest investment in Curaleaf International	4,166	—
Proceeds from finance leases and financial obligations	243	65,241

Principal payments on finance lease liabilities	(8,474)	(5,586)
Principal payments on notes payable	(47,213)	(198)
Principal payments on financial obligations	(4,551)	(3,089)
Remittances of statutory withholdings on share-based payment awards	—	(4,999)
Exercise of stock options	48	524
Forfeiture of restricted stock units	—	(1,336)
Payments of deferred consideration	(27,358)	—
Payments of contingent consideration	(3,964)	(8,744)
Issuance of common shares, net of issuance costs	11,497	—
Net cash (used in) provided by financing activities from continuing operations	(66,994)	41,813
Net cash used in financing activities from discontinued operations	(23)	(19)
Net cash (used in) provided by financing activities	(67,017)	41,794
Net decrease in cash, cash equivalents and restricted cash	(70,443)	(131,683)
Cash, cash equivalents and restricted cash beginning balance	163,177	299,329
Effect of exchange rate on cash, cash equivalents and restricted cash	(916)	(4,469)
Cash, cash equivalents and restricted cash ending balance	$ 91,818	$ 163,177
Non-cash investing & financing activities:		
Purchases of property, plant and equipment included in accounts payable and accrued expenses	$ 2,262	$ 9,212
Issuance of shares in connection with acquisitions	11,445	35,671
SVS contributed to Curaleaf, Inc. in connection with the Reorganization	1,050	—
Settlement of contingent liability through issuance of shares	5,930	—
Non-cash additions to finance and operating right-of-use assets	1,362	5,393
Issuance of notes in connection with acquisitions	—	145,433
Contingent consideration incurred in connection with acquisitions	—	13,852
Deferred consideration incurred in connection with acquisitions	12,553	118,018
Purchase price allocation adjustments	—	1,558
Held-for-sale reclassifications	4,792	15,261
Redeemable non-controlling interest	—	14,026
Supplemental disclosure of cash flow information:		
Cash paid for taxes	$ 100,011	$ 155,954
Cash paid for interest	97,936	78,828

The accompanying notes are an integral part of the Consolidated Financial Statements (as defined herein).

Explanatory Note

*Unless otherwise noted or the context otherwise requires, all information provided in the accompanying audited consolidated financial statements as of December 31, 2023 and 2022 and for the years ended December 31, 2023 and 2022 (the "Consolidated Financial Statements") is given as at December 31, 2023, and references to the "**Company**", "**Curaleaf**" or "**Group**" refer to Curaleaf Holdings, Inc., its wholly-owned subsidiaries and majority-owned subsidiaries as well as legal entities in which it, directly or indirectly, holds a controlling financial interest.*

Note 1 — Operations 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 United States ("U.S."). Internationally, 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 United Kingdom ("U.K.") and Germany, 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 Europe, including into Italy and Germany.

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 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.

The head office of the Company is located at 420 Lexington Ave, New York, New York 10170. The Company's registered and records office address is located at Suite 1700-666 Burrard Street, Vancouver, British Columbia, Canada.

Note 2 — Basis of presentation and consolidation

The accompanying audited consolidated financial statements as of December 31, 2023 and 2022 and for the years ended December 31, 2023 and 2022 (the "Consolidated Financial Statements") were prepared using U.S. Generally Accepted Accounting Principles ("GAAP"). The significant accounting policies described in *Note 3 — Significant accounting policies* are in accordance with GAAP and have been applied consistently to all periods presented.

Certain previously reported amounts have been reclassified between line items to conform to the current period presentation.

Functional and presentation currency

The Consolidated Financial Statements are presented in the U.S. dollar ("USD"), which is the reporting currency of the Company. The functional currency of the Company and Curaleaf, Inc. and its subsidiaries is the USD, and the functional currencies of the Company's international subsidiaries' include the Sterling Pound, the Euro, the Swiss Franc and the Swedish Krona. The financial accounts of the Company's international subsidiaries are translated to USD using exchange rates at specific reporting dates or average rates over the reporting period, as applicable. Gains and losses resulting from foreign currency translation adjustments are recognized within Accumulated other comprehensive loss, which is a component of equity. Transactional exchange gains and losses are included in Other income (expense), net.

Basis of measurement

The Consolidated Financial Statements have been prepared on the going concern basis, under the historical cost convention, except for certain financial instruments that are measured at fair value as described herein.

Basis of consolidation

The Consolidated Financial Statements include all the accounts of the Company, its wholly-owned subsidiaries and majority-owned subsidiaries as well as legal entities in which it, directly or indirectly, holds a controlling financial interest, through management service agreements or other financing arrangements. See *Note 3 — Significant accounting policies* and *Note 27 — Variable interest entities* for further detail. All intercompany balances and transactions have been eliminated in consolidation.

Included in the Consolidated Financial Statements are the following wholly-owned and majority-owned subsidiaries of the Company as well as entities over 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.

Note 3 — Significant accounting policies

Cash, cash equivalents and restricted cash

Cash and cash equivalents include cash deposits in financial institutions, other deposits that are readily convertible into cash, with original maturities of three months or less, and cash held at retail locations. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. The Company maintains its cash in bank deposit accounts the balances of which, at times, may exceed federally insured limits. As of December 31, 2023, the Company had a restricted cash balance of $8.6 million, related to full collateralization of the Company's borrowings under its asset-based revolving credit facility and standby letter of credit with East West Bank ("EWB"). See *Note 14 — Notes payable* for further details.

Accounts receivable, net

The Company maintains an allowance for expected credit losses to reflect the expected uncollectability of accounts receivable and notes receivable based on historical collection data and specific risks identified among uncollected accounts, as well as management's expectation of future economic conditions. The Company also considers relevant qualitative and quantitative factors to assess whether historical loss experience should be adjusted to better reflect the risk characteristics of the Company's receivables and the expected future losses. If current or expected future economic trends, events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Accounts receivable are written off after exhaustive collection efforts occur and the receivable is deemed uncollectible.

Inventories, net

Inventories, including packaging and supplies, are stated at lower of cost or net realizable value ("NRV"). NRV is the estimated selling price in the ordinary course of business less estimated costs to sell. Packaging and supplies are initially valued at cost. The Company values its inventories at standard cost, which approximates weighted average cost. The direct and indirect costs of inventories include materials, labor and depreciation expense on equipment involved in trimming and packaging. All direct and indirect costs related to inventories are capitalized as they are incurred and subsequently recorded within Cost of goods sold on the Consolidated Statements of Operations at the time the inventoried product is sold. The Company reviews its inventories for obsolete, redundant and slow moving goods, and any such inventories are written down to NRV, which is recorded within Cost of goods sold on the Consolidated Statements of Operations.

Property, plant and equipment, net

Property, plant and equipment, net are stated at cost, net of accumulated depreciation and impairment losses, if any. Ordinary repairs and maintenance are expensed as incurred. Depreciation is calculated on a straight-line basis over the estimated useful life of the property, plant and equipment to its salvage value as follows:

	Estimated useful life
Information technology	3-5 years
Furniture and fixtures	3-7 years
Building and improvements	15-39 years
Leasehold improvements	Shorter of useful life or remaining lease term

Property, plant and equipment held for sale are recorded at estimated fair value less costs to sell and depreciation is ceased.

The Company reviews the residual values, useful lives and depreciation methods of its property, plant and equipment at each fiscal year-end, and any adjustments deemed to be appropriate are applied prospectively. Construction in progress is measured at cost and upon completion reclassified to one of the Company's four classes of property, plant and equipment as noted in the above table, depending on the nature of the associated assets. Depreciation commences upon the property,

plant and equipment becoming available for its intended use. Subsequent expenditures on in-service property, plant and equipment are capitalized only if it is probable that the expenditure will provide future economic benefits to the Company beyond those initially expected. The Company recognizes leasehold improvements within Building and improvements in *Note 10 — Property, plant and equipment, net*.

Property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of property, plant and equipment (calculated as the difference between net disposal proceeds and the carrying value of the property, plant and equipment) is recognized in Other income (expense), net on the Consolidated Statements of Operations.

Intangible assets, net

Intangible assets are recorded at cost, less accumulated amortization and impairment losses, if any. Intangible assets acquired in a business combination are recognized at fair value at the date of acquisition, while intangible assets that are internally generated are recognized at cost. The useful life of an internally generated intangible asset is the shorter of 15 years or the term specified by an applicable law, regulation or contractual provision. Intangible assets are amortized on a straight-line basis over the following estimated useful lives:

	Estimated useful life
Licenses and service agreements	5-30 years
Trade names	1-20 years
Intellectual property and know-how	5-15 years
Non-compete agreements	1-15 years

The estimated useful lives, residual values and amortization methods are reviewed at each fiscal year-end, and any adjustments deemed to be appropriate are applied prospectively.

Leases

The Company assesses contracts to assess whether a contract is, or contains, a lease. If a contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration, the Company deems that contract a lease, or as containing an embedded lease, and evaluates whether the lease arrangement is an operating or a finance lease at inception. For lease arrangements with an initial term in excess of 12 months, the Company recognizes a lease liability equal to the present value of outstanding lease payments and a right-of-use (“ROU”) asset equal to the lease liability, subject to certain adjustments. For lease arrangements with an initial term of 12 months or less, the Company does not recognize a lease liability and ROU asset; instead, the Company recognizes the related lease payments as lease expense on a straight-line basis over the lease term. The Company uses its incremental borrowing rate to determine the present value of outstanding lease payments. The Company has elected to combine lease and non-lease components for all classes of its leased assets.

ROU assets are amortized on a straight-line basis over the earlier of the useful life of the ROU asset or the end of the lease term. On the Consolidated Statements of Operations, amortization of operating ROU assets is recognized as lease expense within Selling, general and administrative, and amortization of finance ROU assets is recognized within Depreciation and amortization on the Consolidated Statements of Operations. In addition, the Company recognizes interest expense on its finance lease liabilities using the effective interest method, within Interest expense related to lease liabilities and financial obligations on the Consolidated Statements of Operations.

The terms of the lease arrangements at commencement are determined based on the noncancellable period for which the Company has the right to use the underlying leased assets, inclusive of any periods covered by an option:

- the Company is reasonably certain to exercise that would extend the lease,
- the Company is reasonably certain not to exercise that terminates the lease and
- to extend (or not to terminate) the lease in which the exercise of the option is controlled by the lessor.

The Company considers a number of factors when evaluating whether the options in its lease arrangements are reasonably certain of exercise, including the location of the leased asset, the length of time before the options can be exercised,

expected value of the leased assets at the end of the initial lease terms, relevance of the leased assets to the Company's operations and the cost of negotiating a new lease.

The Company has historically entered into transactions wherein the Company sold real estate property or equipment to a buyer and simultaneously leased back all, or a portion of, the same asset for all, or part of, the asset's remaining economic life. Transactions such as these are evaluated to determine whether sale-leaseback accounting is required. If the Company determines that it has retained control of the property or equipment, the Company recognizes the financed leased asset within Property, plant and equipment, net, with a corresponding increase to Financial obligation on the Consolidated Balance Sheets. The Company uses the effective interest method to allocate lease cash payments between reduction of the financial obligation and recognition of interest expense within Interest expense related to lease liabilities and financial obligations on the Consolidated Statements of Operations.

Impairment of long-lived assets

The Company evaluates the recoverability of its long-lived assets, including property, plant and equipment, ROU assets and definite lived intangible assets, whenever events or changes in circumstances indicate that the carrying value of a long-lived asset, or asset group, may not be recoverable. When the Company determines that the carrying value of its long-lived assets may not be recoverable, the long-lived assets are assessed for impairment based on the estimated future undiscounted cash flows expected to result from the use and eventual disposition of the long-lived assets. If the carrying value of a long-lived asset, or asset group, exceeds its estimated future undiscounted cash flows, an impairment loss equal to the excess is recognized within Loss on impairment on the Consolidated Statements of Operations, during the period in which the impairment is identified.

Goodwill

Goodwill represents the excess of the consideration transferred for the acquisition of an entity over the fair value of the net tangible and intangible assets acquired. Goodwill is either assigned to a specific reporting unit or allocated between reporting units based on the relative fair value of each reporting unit.

Impairment of goodwill

Goodwill is not subject to amortization and is tested annually for impairment, as of October 1 of each year, or more frequently, if events or changes in circumstances indicate that it might be impaired. Factors which could trigger an impairment review include significant underperformance relative to historical or projected future operating results, significant changes in the Company's manner of use of the acquired assets or strategy for the overall business, a significant decrease in the market value of the acquired assets or significant negative industry or economic trends.

Goodwill is tested for impairment at the reporting unit level. A reporting unit is the same as, or one level below, an operating segment and represents a component, or group of components, for which discrete financial information is available and reviewed regularly by segment management.

Goodwill is deemed to be impaired if the carrying value of a reporting unit, including allocated goodwill, exceeds its fair value (but not below zero), as determined using both an income and a market approach; an impairment loss equal to the excess is recognized within Loss on impairment on the Consolidated Statements of Operations, during the period in which the impairment is identified.

Change in reporting units

During the year ended December 31, 2023, the Company evaluated its existing reporting units in accordance with Accounting Standards Codification ("ASC") 350, *Intangibles—Goodwill and Other*, and determined that the individual components of its two operating segments, Domestic and International (as determined in accordance with ASC 280, *Segment Reporting)*, were economically similar and aggregation of the individual components into two reporting units that align with the Company's two operating segments is required. Prior to October 1, 2023, the Company identified 16 reporting units on a jurisdictional basis.

Deferred charges: notes payable

The Company's deferred charges incurred in connection with the execution of new or modification of debt financing include deferred financing costs and debt discounts or debt premiums. Deferred charges are amortized to interest expense using the effective interest method.

Commitments and contingencies

The Company recognizes contingent liabilities when such contingencies are probable and reasonably estimable. Losses related to contingencies are typically recognized within Other income, net in the Consolidated Statements of Operations.

The Company recognizes legal costs for contingencies in the period in which the costs are incurred within Selling, general and administrative in the Consolidated Statements of Operations.

Income taxes

The Company's Provision for income taxes is comprised of current and deferred taxes and is recognized in the Consolidated Statements of Operations, except to the extent that the income tax expense relates to a business combination, items recognized directly within Shareholders' equity on the Consolidated Balance Sheets or items recognized directly within Total other expense, net on the Consolidated Statements of Operations. Current taxes are recognized on taxable income (loss) for the fiscal period, as adjusted for unrealized tax benefits, changes in tax receivables (payables) that arose in a prior period and recovery of taxes paid in a prior period. Current taxes are measured using tax rates and laws enacted during the period within which the taxable income (loss) arose. Current taxes can also arise from dividends. Current tax assets and liabilities are offset only if certain criteria are met.

Deferred taxes are recognized with respect to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax basis, with certain exceptions. Deferred taxes are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. If the Company determines, based on available evidence, that it is more likely than not that all or a portion of a deferred tax asset will not be realized, a valuation allowance is established to reduce the deferred tax asset by the amount expected to be unrealizable. Management reassesses the need for a valuation allowance at the end of each reporting period and takes into consideration, among other matters, the nature, frequency and severity of current and cumulative losses; forecasts of future profitability and the duration of statutory carryforward periods.

The Company recognizes uncertain income tax positions at the largest amount that is more likely than not to be sustained upon audit by the relevant tax authority. An uncertain income tax position will not be recognized if it has less than a 50% likelihood of being sustained. A change in the recognition or measurement of an unrealized tax benefit is reflected in the period during which the change occur.

As the Company operates in the cannabis industry, it is subject to the limitations of Section 280E of the Internal Revenue Code ("IRC") ("Section 280E"), which prohibits the Company from deducting normal business expenses associated with the sale of cannabis, such as payroll and rent, from gross income (revenue less cost of goods sold).

Revenue recognition

Revenue is recognized by the Company in accordance with Accounting Standards Update ("ASU") 2014-09*, Revenue from Contracts with Customers (Topic 606)* ("ASC 606"), pursuant to which the Company recognizes revenue when the control of a promised good or service is transferred to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for the transferred good or service.

In order to recognize revenue under ASC 606, the Company applies the following five-step model:

i. Identify a customer along with a corresponding contract;

ii. Identify the performance obligation(s) in the contract to transfer goods or provide distinct services to a customer;

iii. Determine the transaction price the Company expects to be entitled to in exchange for transferring promised goods or services to a customer;

iv. Allocate the transaction price to the performance obligation(s) in the contract; and

v. Recognize revenue when or as the Company satisfies the performance obligation(s).

The majority of the Company's performance obligations are satisfied at a point in time; either upon delivery and acceptance of the Company's goods or services by the customer in its wholesale transactions or immediately upon transfer of the Company's goods or services to the customer in its retail transactions. Revenues from the Company's cannabis sales are recorded net of sales discounts at the time of delivery to the customer. Payment is typically due upon transfer of the Company's products to the customer or within a specified time period permitted under the Company's credit policy.

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. As of December 31, 2023 and 2022, the Company's Accrued loyalty payable totaled $5.3 million and $8.2 million, respectively, and is recognized within Accrued expenses on the Consolidated Balance Sheets.

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.

Share-based compensation

The Company recognizes compensation expense for all share-based awards, including stock options, performance stock units ("PSUs") and restricted stock units ("RSUs"), granted to its employees and directors at the fair value of the awards on the date of grant. The Company uses the Black-Scholes valuation model to determine the grant-date fair value of stock options. The inputs into the Black-Scholes valuation model, including the expected term of the instrument, expected volatility, risk-free interest rate and dividend rate are determined by reference to the terms of the underlying instrument as well as the Company's experience with similar instruments. 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 options or units.

Share-based compensation is amortized on a straight-line basis over the requisite service period of the share-based awards, which is generally the vesting period, and recognized within Share-based compensation on the Consolidated Statements of Operations, with a corresponding increase to Total shareholders' equity on the Consolidated Balance Sheets. The amount recognized as an expense is adjusted to reflect the number of share-based awards for which the related service conditions are expected to be met, such that the total share-based compensation ultimately recognized by the Company is based on the number of share-based awards that meet the related service conditions at the vesting date. The Company recognizes the impact of forfeitures to its share-based compensation as they occur.

Earnings per share, basic and diluted

The Company presents basic and diluted earnings per share ("EPS"), as applicable. Basic EPS is calculated by dividing the profit or loss attributable to the Company's shareholders by the weighted average number of shares outstanding during the reporting period. Diluted EPS is determined by adjusting the profit or loss attributable to the Company's shareholders and the weighted average number of shares outstanding during the period, for the effects of all potentially dilutive instruments, which, for the Company, is comprised of share-based awards and convertible debt. Instruments with an anti-dilutive impact are excluded from the calculation of diluted EPS. The Company applies the treasury stock method to calculate the number of potentially dilutive securities with respect to its share-based awards and the if-converted method with respect to any outstanding convertible debt.

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 entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Business combinations

The Company accounts for business combinations using the acquisition method in accordance with ASC 805, *Business Combinations* ("ASC 805"), which requires recognition of assets acquired and liabilities assumed, including contingent assets and liabilities, at their respective fair values on the date of acquisition or assumption of control. Non-controlling interests in the acquiree are measured at fair value on acquisition date. Acquisition related transaction costs are recognized as expenses in the period in which the costs are incurred. The excess of consideration transferred over the net assets acquired and liabilities assumed, is recognized as goodwill as of the acquisition date. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The Company utilizes the guidance prescribed by ASC 805, which allows entities to use a screen test to determine if a transaction should be accounted for as a business combination or an asset acquisition. Under the optional screen test, where substantially all of the fair value of gross assets acquired is concentrated in a single asset (or a group of similar assets), the transaction would be accounted for as an asset acquisition. Management performs a concentration test where appropriate and if the concentration of assets is 90% or above, the transaction is generally accounted for as an asset acquisition. In addition, if the assets acquired are not a business, the Company accounts for the transaction as an asset acquisition.

Contingent consideration is measured at fair value at the date of acquisition and included as part of the consideration transferred in a business combination. Contingent consideration classified as a liability requires fair value remeasurement at the end of each reporting period, with adjustments to the fair value of the contingent liability recognized within Other income, net on the Consolidated Statements of Operations. Contingent consideration classified as equity is assessed at the end of each reporting period to determine whether equity classification remains appropriate.

Purchase price allocations may be preliminary and, during the measurement period (not to exceed one year from the date of acquisition), changes in assumptions and estimates that result in adjustments to the fair value of assets acquired and liabilities assumed are recorded in the period the adjustments are determined.

Operating results associated with acquisitions are included in the consolidated financial statements from the date of acquisition.

Asset acquisitions

In accordance with ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business,* the Company defines asset acquisitions as those not pertaining to the acquisition of inputs, processes and outputs that constitute a business. The Company assigns carrying values to all the assets acquired and liabilities assumed in an asset acquisition based on their relative fair values.

Fair value of financial instruments

The Company applies fair value accounting for all financial assets and liabilities that are recognized or disclosed at fair value in its financial statements on a recurring basis. Fair value is defined as the price that would be received from selling

an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When determining the fair value measurements for assets and liabilities that are required to be recorded at fair value, the Company considers all related factors of the asset by market participants in which the Company would transact and the market-based risk measurements or assumptions that market participants would use in pricing the asset or liability, such as inherent risk, transfer restrictions and credit risk.

The Company applies the following fair value hierarchy, which prioritizes the inputs used to measure fair value into three levels and bases the categorization within the hierarchy upon the lowest level of input that is available and significant to the fair value measurement:

Level 1 — 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 elected to apply the beginning-of-period convention whereby all transfers into and out of Level 3 in the fair value hierarchy are deemed to have had occurred at the beginning of the reporting period. The Company does not reclassify its financial instruments within the fair value hierarchy subsequent to initial recognition, unless a change has occurred in its business model for managing financial instruments.

Significant accounting judgments, estimates and assumptions

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 relies upon historical experience, observable trends and various other assumptions to develop reasonable significant estimates and assumptions, which are then regularly reviewed and updated, as needed, by management. Changes in estimates are accounted for prospectively and are based upon on-going trends or subsequent settlements and the sensitivity level of the estimates and assumptions to changes in facts and circumstances. 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* 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* 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* 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* 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* 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* 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* 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. See *Note 6 — Discontinued operations* for further detail.

New, amended and future U.S. GAAP pronouncements

The Company has implemented all applicable U.S. GAAP standards recently issued by the Financial Accounting Standards Board ("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.

Note 4 — Acquisitions

Goodwill arising from acquisitions consists largely of the synergies and economies of scale expected from combining the operations of the businesses, providing the opportunity to expand the Company's products into new markets, as well as other intangibles that do not qualify for separate recognition. These synergies include the elimination of redundant facilities and functions and the use of the Company's existing commercial infrastructure to expand sales. None of the resultant goodwill from the following acquisitions are expected to be deductible for income tax purposes.

2023 Acquisitions

Deseret Wellness, LLC

On April 6, 2023 the Company completed the acquisition of Deseret Wellness ("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. The Deseret acquisition was accounted for as a business combination.

The following table presents the fair value of the assets acquired and liabilities assumed in the acquisition of Deseret as of the acquisition date and an allocation of the consideration to net assets acquired:

Cash	$ 1,360
Prepaid expenses and other current assets	137
Inventories, net	807
Property, plant and equipment, net	1,692
Right-of-use assets	406
Other assets	57
Licenses	10,620
Trade name	890
Non-compete agreements	230
Goodwill	7,002
Deferred tax liabilities	(3,339)
Liabilities assumed	(5,242)
Net assets acquired	$ 14,620
Consideration paid in cash	$ 2,067
Deferred consideration classified as a liability	12,553
Total consideration	$ 14,620
Cash outflow, net of cash acquired	$ 707

The fair value of the consideration, paid through the issuance of SVS, was based on a third-party valuation that took into account transfer restrictions and the time value of money. The Company incurred and expensed $0.3 million of transaction costs related to the acquisition of Deseret. Subsequent to the acquisition date, the Company recorded a measurement period adjustment to the purchase price allocation to remove the impact of inventory purchased by Deseret from Tryke (as defined herein) prior to being acquired by the Company. The measurement period adjustment reduced inventory and increased goodwill in the amount of $0.2 million. The acquisition remains subject to post-closing adjustments, and the Company is in the process of finalizing purchase price accounting.

The Company calculated, on a pro forma basis, the combined results of the acquired entity as if the acquisition had occurred as of January 1, 2023. These unaudited pro forma results are not necessarily indicative of either the actual consolidated results had the acquisition occurred as of January 1, 2023, or of the future consolidated operating results. For the Deseret acquisition, total unaudited pro forma revenue and net income for the year ended December 31, 2023, was $13.7 million and $0.6 million, respectively.

Revenue and net income from the acquired Deseret dispensaries included in the Consolidated Statement of Operations for the year ended December 31, 2023, was $9.9 million and $0.6 million, respectively.

Clever Leaves' Asset Acquisition

On July 5, 2023, Terra Verde LDA, a subsidiary of Curaleaf International Holdings Limited ("**Curaleaf International**"), acquired the assets, including all equipment and lease rights, of Clever Leaves' EU-GMP certified cannabis processing and warehousing facility in Setubal, Portugal, for cash consideration, inclusive of direct transaction costs, of $2.7 million. 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.

2022 Acquisitions

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.

The following table presents the fair value of the assets acquired and liabilities assumed as of the acquisition date and an allocation of the consideration to net assets acquired:

Cash	$	18,821
Accounts receivable, net		804
Prepaid expenses and other current assets		381
Inventories, net		3,694
Property, plant and equipment, net		5,225
Right-of-use assets		14,265
Other assets		122
Licenses		174,770
Trade name		2,230
Non-compete agreements		1,260
Goodwill		60,680
Deferred tax liabilities		(42,713)
Liabilities assumed		(25,315)
Net assets acquired	$	214,224
Consideration paid in cash, net of working capital adjustments	$	68,791
Note payable		145,433
Total consideration	$	214,224
Cash outflow, net of cash acquired	$	49,970

The Company incurred and expensed transaction costs of approximately $0.4 million related to the acquisition of Bloom.

The Company calculated, on a pro forma basis, the combined results of the acquired entity as if the Bloom acquisition had occurred as of January 1, 2022. These unaudited pro forma results are not necessarily indicative of either the actual consolidated results had the acquisition occurred as of January 1, 2022, or of the future consolidated operating results. For the Bloom acquisition, total unaudited pro forma revenue and net loss for the year ended December 31, 2022, was $46.7 million and $31.2 million, respectively.

Revenue and net loss from the acquired Bloom dispensaries included in the Consolidated Statement of Operations for the year ended December 31, 2022, was $43.1 million and $31.8 million, respectively.

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.

The following table presents the fair value of the assets acquired and liabilities assumed as of the acquisition date and an allocation of the consideration to net assets acquired:

Cash	$ 45
Accounts receivable, net	139
Prepaid expenses and other current assets	36
Other assets	40
Licenses	17,181
Deferred tax liabilities	(3,264)
Liabilities assumed	(5,417)
Net assets acquired	$ 8,760
Consideration paid in cash	$ 6,689
Contingent consideration payable	2,071
Total consideration	$ 8,760
Cash outflow, net of cash acquired	$ 6,644

The contingent consideration payable is related to an incremental earnout that may be paid in 2023 based on the Sapphire Medical business exceeding certain revenue, script and active patient count milestones during 2022. As disclosed in the '*Contingent Consideration'* section of this Note, in 2023, the Company settled the contingent consideration payable in full with a $4.1 million earnout payment to Sapphire.

The Company incurred and capitalized transaction costs of approximately $0.1 million related to the acquisition of Sapphire Medical.

The Company calculated, on a pro forma basis, the combined results of the acquired entity as if the Sapphire Medical acquisition had occurred as of January 1, 2022. These unaudited pro forma results are not necessarily indicative of either the actual consolidated results had the acquisition occurred as of January 1, 2022, or of the future consolidated operating results. For the Sapphire Medical acquisition, total unaudited pro forma revenue and net loss for the year ended December 31, 2022, was $2.0 million and $1.6 million, respectively.

Revenue and net income from Sapphire Medical included in the Consolidated Statement of Operations for the year ended December 31, 2022, was $1.9 million and $0.4 million, respectively.

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.

The following table presents the fair value of the assets acquired and liabilities assumed as of the acquisition date and an allocation of the consideration to net assets acquired:

Accounts receivable, net	$	2
Inventories, net		185
Licenses		21,448
Deferred tax liabilities		(5,555)
Liabilities assumed		(3,318)
Net assets acquired	$	12,762
Consideration paid in cash, net of working capital adjustments	$	9,927
Equity consideration		835
Deferred consideration classified as a liability		2,000
Total consideration	$	12,762
Cash outflow	$	9,927

The fair value of the consideration paid through the issuance of SVS was based on a third-party valuation that takes into account transfer restrictions and the time value of money. The SVS are subject to a lock-up agreement restricting trading of the SVS received, with a release of the SVS from such restrictions at the second anniversary of the closing date. Deferred consideration is related to the settlement of pending litigation. The Company incurred immaterial transaction costs related to the acquisition of NRPC Management.

The Company calculated, on a pro forma basis, the combined results of the acquired entity as if the acquisition had occurred as of January 1, 2022. These unaudited pro forma results are not necessarily indicative of either the actual consolidated results had the acquisition occurred as of January 1, 2022, or of the future consolidated operating results. For the NRPC Management acquisition, total unaudited pro forma revenue and net income for the year ended December 31, 2022, was $3.0 million and $0.8 million, respectively.

For the year ended December 31, 2022, revenue from the acquired NRPC dispensary included in the Consolidated Statement of Operations was $1.2 million and net income was immaterial.

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.

The following table presents the fair value of the assets acquired and liabilities assumed as of the acquisition date:

Cash	$	5,498
Accounts receivable, net		176
Prepaid expenses and other current assets		176
Inventories, net		2,605
Property, plant and equipment, net		2,105
Right-of-use assets		1,420
Other assets		114
Liabilities assumed		(9,712)
Gain on change in control	$	2,382

The Company calculated, on a pro forma basis, the combined results of the acquired entity as if the acquisition had occurred as of January 1, 2022. These unaudited pro forma results are not necessarily indicative of either the actual consolidated results had the acquisition occurred as of January 1, 2022, or of the future consolidated operating results. For the BHH transaction, total unaudited pro forma revenue and net income for the year ended December 31, 2022, was $23.5 million and $2.8 million, respectively.

Revenue and net income from BHH included in the Consolidated Statement of Operations for the year ended December 31, 2022, was $10.6 million and $2.4 million, respectively.

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.

The following table presents the fair value of the assets acquired and liabilities assumed as of the acquisition date and an allocation of the consideration to net assets acquired:

Cash	$	58
Accounts receivable, net		9
Prepaid expenses and other current assets		56
Inventories, net		379
Property, plant and equipment, net		358
Right-of-use assets		1,611
Licenses		5,803
Deferred tax liabilities		(348)
Liabilities assumed		(1,892)
Net assets acquired	$	6,034
Consideration paid in cash, net of working capital adjustments	$	6,034
Cash outflow, net of cash acquired	$	5,976

The Company incurred and capitalized $0.1 million transaction costs related to the acquisition of PWO.

The Company calculated, on a pro forma basis, the combined results of the acquired entity as if the acquisition had occurred as of January 1, 2022. These unaudited pro forma results are not necessarily indicative of either the actual consolidated results had the acquisition occurred as of January 1, 2022 or of the future consolidated operating results. For the PWO acquisition, total unaudited pro forma for revenue and net loss for the year ended December 31, 2022 was $1.4 million and $9.7 million, respectively.

Revenue and net loss from PWO included in the Consolidated Statement of Operations for the year ended December 31, 2022 was $0.1 million and $8.5 million, respectively.

Four20 Pharma GmbH

On September 16, 2022, Curaleaf International 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 Curaleaf International 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.

The following table presents the fair value of the assets acquired and liabilities assumed as of the acquisition date and an allocation of the consideration to net assets acquired:

Cash	$	7
Accounts receivable, net		964
Prepaid expenses and other current assets		311
Inventories, net		1,004
Property, plant and equipment, net		768
Right-of-use assets		437
Other assets		55
Licenses		24,790
Trade name		4,133
Goodwill		13,064
Deferred tax liabilities		(9,484)
Liabilities assumed		(3,753)
Net assets acquired	$	32,296

Consideration paid in cash	$	9,899
Equity consideration		3,458
Contingent consideration payable		4,406
Non-controlling interest		14,533
Total consideration	$	32,296

Cash outflow, net of cash acquired	$	9,892

The contingent consideration relates to true-up shares to be issued dependent upon the trading price of the SVS at the first and second anniversaries of the closing date. The NCI in Four20 relates to the 45% ownership held by the selling shareholders. The fair value of the consideration paid through the issuance of SVS was based on a third-party valuation that takes into account transfer restrictions and the time value of money. The SVS are subject to a lock-up agreement with each recipient restricting trading of the SVS received, with a release of 50% of SVS from such restrictions at each of the first and second anniversaries of the closing date. In 2023, the Company issued SVS valued at $3.4 million in satisfaction of the contingent consideration due to Four20 upon the first anniversary of the closing date.

Subsequent to the acquisition date, the Company recorded a measurement period adjustment to the purchase price allocation which reduced accounts receivable and increased good will in the amount of $0.1 million.

The Company incurred and expensed $1.1 million of transaction costs related to the acquisition of Four20.

The Company calculated, on a pro forma basis, the combined results of the acquired entity as if the acquisition had occurred as of January 1, 2022. These unaudited pro forma results are not necessarily indicative of either the actual consolidated results had the acquisition occurred as of January 1, 2022 or of the future consolidated operating results. For the Four20 acquisition, total unaudited pro forma for revenue and net loss for the year ended December 31, 2022 was $10.5 million and $0.6 million, respectively.

Revenue and net loss from Four20 included in the Consolidated Statement of Operations for the year ended December 31, 2022, was $4.4 million and $0.4 million, respectively.

Tryke Companies

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 currently offers a wide variety of in-house and third-party flower, concentrates, vape cartridges, edibles, topicals and CBD products at a range of price points. 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.

The following table presents the fair value of the assets acquired and liabilities assumed as of the acquisition date and an allocation of the consideration to net assets acquired:

Cash	$	5,428
Accounts receivable, net		958
Prepaid expenses and other current assets		988
Inventories, net		24,030
Property, plant and equipment, net		21,538
Right-of-use assets		47,957
Other assets		4,264
Licenses		73,330
Trade name		3,270
Non-compete agreements		1,750
Goodwill		38,155
Deferred tax liabilities		(2,831)
Liabilities assumed		(57,679)
Net assets acquired	$	161,158
Cash consideration, net of working capital adjustments	$	24,248
Equity consideration		11,666
Deferred consideration classified as a liability		56,730
Deferred consideration classified as equity		59,289
Contingent consideration payable		9,225
Total consideration	$	161,158
Cash outflow, net of cash acquired	$	18,820

A portion of the fair value of deferred consideration was based on a third-party valuation that takes into account the time value of money and consisted of (1) cash paid on the first anniversary of closing and (2) SVS issued to the sellers of Tryke on the first, second and third anniversary of closing. The cash components are recognized as Deferred consideration liability, while the equity components are recognized within Additional paid-in capital on the Consolidated Balance Sheets. In addition, the Company recognized a cash hold-back payable of $2.4 million, related to pending litigation, as Deferred consideration liability on the Consolidated Balance Sheets. The carrying value of the cash hold-back payable was assumed to be at fair value due to its short-term nature. In 2023, the Company made a cash payment of $27.4 million and issued $5.1 million SVS in satisfaction of the deferred consideration due to the sellers of Tryke on the first anniversary of closing. The Contingent consideration payable relates to Tryke achieving certain EBITDA targets and amounts related to indemnity claims. In January 2024, the Company issued 2,367,000 SVS to the sellers of Tryke upon expiration of the indemnification period, which expired 15 months after the closing date.

The Company incurred and expensed $0.1 million of transaction costs related to the acquisition of Tryke.

The Company calculated, on a pro forma basis, the combined results of the acquired entity as if the acquisition had occurred as of January 1, 2022. These unaudited pro forma results are not necessarily indicative of either the actual consolidated results had the acquisition occurred as of January 1, 2022, or of the future consolidated operating results. For

the Tryke acquisition, total unaudited pro forma revenue and net loss for the year ended December 31, 2022, was $77.0 million and $0.4 million, respectively.

Revenue and net loss from Tryke included in the Consolidated Statement of Operations for the year ended December 31, 2022, was $16.3 million and $2.8 million, respectively.

The Company has sought and is seeking a price adjustment of approximately $9.0 million in its favor in accordance with the price adjustment mechanism in the definitive purchase agreement between Tryke and the Company. The Company expects a court ruling on this matter to be delivered in the second quarter of 2024.

Contingent consideration

Contingent consideration recorded relates to the Company's business combinations and asset acquisitions. As discussed in *Note 2 — Basis of presentation and consolidation*, contingent consideration payable is subject to significant judgment and estimates, such as projected future revenue. Refer to *Note 26 — Fair value measurements and financial risk management* for further discussion surrounding the inputs utilized in the fair value of contingent consideration.

The changes in the contingent consideration liability as of December 31, 2023 and 2022 are as follows:

	HMS[1]	MEOT	EMMAC[2]	Los Sueños	Sapphire	Four20	Tryke	Total
Carrying amount, December 31, 2021	$ —	$ 44	$ 35,260	$ 2,690	$ —	$ —	$ —	$ 37,994
Contingent consideration recognized on acquisition	—	—	—	—	2,071	4,406	9,225	15,702
Payments of contingent consideration	—	—	(8,744)	—	—	—	—	(8,744)
Revaluation of contingent consideration	1,854	—	(4,714)	(2,690)	2,038	—	(915)	(4,427)
Difference in exchange	—	—	(3,309)	—	(214)	284	—	(3,239)
Loss on contingent consideration not paid	—	(44)	(8,132)	—	—	—	—	(8,176)
Carrying amount, December 31, 2022	1,854	—	10,361	—	3,895	4,690	8,310	29,110
Payments of contingent consideration	(1,854)	—	(4,529)	—	(4,112)	(3,414)	—	(13,909)
Revaluation of contingent consideration	—	—	(1,729)	—	—	1,163	989	423
Difference in exchange	—	—	621	—	217	163	—	1,001
Carrying amount, December 31, 2023	—	—	4,724	—	—	2,602	9,299	16,625
Less: Current contingent consideration liability	—	—	—	—	—	(2,602)	(9,299)	(11,901)
Contingent consideration liability	$ —	$ —	$ 4,724	$ —	$ —	$ —	$ —	$ 4,724

[1] The Company completed its acquisition of the rights to the assets of HMS Health, LLC in May 2021.

[2] Curaleaf International completed its acquisition of EMMAC Life Sciences Limited ("EMMAC") in April 2021.

The changes in the deferred consideration liability as of December 31, 2023 and 2022 are as follows:

	Deseret	Tryke	NRPC	Total
Carrying amount, December 31, 2021	$ —	$ —	$ —	$ —
Deferred consideration recognized on acquisition	—	58,365	2,000	60,365
Interest expense on deferred consideration	—	935	—	935
Carrying amount, December 31, 2022	—	59,300	2,000	61,300
Deferred consideration recognized on acquisition	12,553	—	—	12,553
Interest expense on deferred consideration	—	9,710	—	9,710
Change in fair value on deferred consideration paid	(2,637)	—	—	(2,637)
Payments of deferred consideration	(9,916)	(27,358)	—	(37,274)
Carrying amount, December 31, 2023	—	41,652	2,000	43,652
Less: Deferred consideration liability - current	—	22,342	—	22,342
Deferred consideration liability	$ —	$ 19,310	$ 2,000	$ 21,310

Note 5 — Assets and liabilities held for sale

The changes in assets and liabilities held for sale are as follows as of December 31, 2023 and 2022:

Assets held for sale	Discontinued Operations	Held for Sale Entities	Total
Balance at December 31, 2021	$ 386,028	$ 77,503	$ 463,531
Transferred in/(out)	(310,851)	27,772	(283,079)
Balance at December 31, 2022	75,177	105,275	180,452
Transferred in/(out)	(61,961)	(100,696)	(162,657)
December 31, 2023	$ 13,216	$ 4,579	$ 17,795

Liabilities associated with assets held for sale	Discontinued Operations	Held for Sale Entities	Total
Balance at December 31, 2021	$ 24,321	$ 18,577	$ 42,898
Transferred in/(out)	(5,107)	(1,262)	(6,369)
Balance at December 31, 2022	19,214	17,315	36,529
Transferred in/(out)	(10,927)	(16,429)	(27,356)
December 31, 2023	$ 8,287	$ 886	$ 9,173

The following table summarizes the major classes of assets and liabilities classified as held for sale (excluding discontinued operations) as of December 31, 2023 and 2022:

	As of	
	2023	**2022**
Assets		
Cash and cash equivalents	$ —	$ 4,792
Accounts Receivable, net of allowance for credit losses	—	9
Inventories, net	509	2,983
Total current assets	509	7,784
Tax receivable	—	234
Property, plant and equipment, net	4,002	11,008
Right-of-use assets, finance lease, net	68	449
Intangible assets, net	—	44,000
Goodwill	—	41,677
Other assets	—	123
Total non-current assets	4,070	97,491
Total assets	$ 4,579	$ 105,275
Liabilities		
Accounts payable	$ —	$ 1,050
Accrued expenses	—	771
Lease liability, finance lease	84	45
Lease liability, operating lease	368	—
Current portion of notes payable	—	7
Other current liabilities	—	1,097
Total current liabilities	452	2,970
Deferred tax liability	—	13,511
Lease liability, finance lease	—	834
Lease liability, operating lease	434	—
Total non-current liabilities	434	14,345
Total liabilities	$ 886	$ 17,315

Former Grassroots Entities

Grassroots: Illinois Assets

Through the acquisition of Grassroots, the Company retained a transferable right to acquire the Illinois assets from former Grassroots affiliates companies that currently own three licensed Illinois medical dispensaries and nine adult use dispensaries (collectively, the "Illinois Assets"). The right to acquire the Illinois Assets may be exercised through the conversion of certain debt, which the Company treats as intercompany debt; should the Company exercise the right to acquire the Illinois Assets, there would be no impact to its statement of operations. Pursuant to the Grassroots Merger Agreement, the proceeds net of expenses and taxes from the sale of Curaleaf's rights to the Illinois Assets shall be shared by the Company with the former owners of Grassroots as follows: (i) the first $25 million of net proceeds shall be retained by the Company; (ii) the next $25 million of net proceeds shall be remitted to the former Grassroots owners; and (iii) the Company shall keep 50% of the net proceeds above $50 million and the other 50% shall be remitted to the Grassroots owners (the "Illinois Waterfall Payment"). Also pursuant to the Grassroots Merger Agreement, the former Grassroots owners have the right to demand that, in lieu of receipt of a portion of the Illinois Waterfall Payment, that Curaleaf pay to them either (a) $25 million in cash or (b) a number of SVS that have market value equal to $30 million (the "Illinois Exit Payment"). The former owners of Grassroots gave notice of their intention to exercise their option for the Illinois Exit

Payment in the form of cash and SVS in the amount of $28.3 million on October 14, 2022, which the Company paid during the fourth quarter of 2022. As a result, the Company gained the sole right to proceeds from the sale of the Illinois Assets.

On April 1, 2021, Curaleaf and the owners of the Illinois Assets signed definitive agreements to sell the Illinois Assets to Parallel Illinois, LLC ("Parallel"), and the Company received a $10 million deposit from Parallel, which was refundable under limited circumstances. On February 25, 2022, the Company received correspondence from Parallel's attorneys indicating Parallel was not in a position to complete the acquisition of the Illinois Assets due to lack of financing, among other reasons, and declaring the definitive agreements to purchase the Illinois Assets terminated. On February 2, 2022, the Company filed an arbitration against Parallel and certain principals of Parallel for breach of contract, fraudulent misrepresentation and other claims. As a result of the breach of contract, the Company determined that the $10 million deposit received from Parallel was no longer refundable and, accordingly, recognized a gain of $10 million within Other income, net in the Consolidated Statements of Operations during the year ended December 31, 2022. In September 2023, the Company and Parallel entered into a Confidential Settlement Agreement to settle the dispute in full (the "Parallel Settlement Agreement"). Under this agreement, the Company is to receive $0.5 million upon the consummation and closing of a restructuring, foreclosure or sale transaction involving all or substantially all the assets of Parallel and its subsidiaries, subject to certain conditions. As part of this settlement, Parallel formally released its claims against the Plaintiffs, including with respect to any claim for return of the $10 million deposit. See *Note 24 — Commitments and contingencies*.

In the quarter ended June 2023, the Company terminated the marketing of the Illinois Assets and reclassified these assets from held for sale to held and used.

Grassroots: Oklahoma and Arkansas Assets

During the second quarter of 2022, the Company completed the sale of Grassroots Oklahoma, which resulted in a gain of approximately $1 million. During the third quarter of 2022, the Company completed the sale of its rights in its licensed cannabis dispensary in Little Rock, Arkansas, which resulted in a gain of approximately $4.5 million.

Pueblo West Organics

The Company completed its acquisition of PWO during the third quarter of 2022 (see *Note 4 — Acquisitions* for further detail) and immediately began actively marketing certain rights and interests for certain of the acquired real estate assets. The Company completed the sale of these real estate assets during the fourth quarter of 2022, which resulted in a gain of approximately $0.3 million.

HMS Assets

On May 4, 2021, the Company completed the sale of its rights to the assets of HMS Health, LLC and the cultivation and processing assets of HMS Processing, LLC (collectively, the "HMS Assets") to TerrAscend Corp. for total consideration of $24.6 million, consisting of $22.4 million cash consideration and an interest bearing note receivable of $2.2 million. The note receivable was fully repaid in April 2022. The Company recognized a gain on sale of the HMS Assets of $1.5 million.

Phytoscience Management Group, Inc.

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.

Rokshaw Limited

In December 2023, the Company signed a definitive asset purchase agreement to sell its noncannabis operations of Rokshaw Limited, a subsidiary of Curaleaf International Limited, inclusive of its inventory, tradename intangible asset and property, plant and equipment. Total cash consideration £3.5 million consists of £0.5 million payable upon signing of the definitive agreement, £1.85 million payable upon closing of the sale and £0.45 million payable on the first and second anniversary of the closing date. The sale, which remains subject to regulatory approval, is expected to be completed by the quarter ending March 31, 2024.

Acres Assets

In December 2023, the Company signed a letter of intent to sell its rights and interests to certain assets of Acres Cultivation LLC, Acres Dispensary LLC, PT Nevada, Inc. and Acres Medical LLC (the "Acres Assets") to GL Partners, Inc. ("GL Partners") for total consideration of $3.3 million, which consists of cash consideration of $1.1 million and the issuance of a secured note with a principal amount of $2.2 million. In February 2024, the Company signed a definitive purchase agreement, and closing is expected to be completed by December 31, 2024, subject to certain regulatory approvals.

North Shore Assets

In the third quarter ended September 30, 2023, the Company entered into discussions with MassGrow, LLC ("MassGrow") to sell the Company's rights and interests to certain assets of Curaleaf North Shore, Inc. f/k/a Alternative Therapies Group, Inc. The Company, subsequently, signed a definitive agreement for this sale in January 2024 for cash consideration of $2.8 million. In connection with the sale, the Company also signed a bridge loan agreement to receive short-term working capital to MassGrow through the date of closing and an interim consulting agreement with MassGrow to receive certain administrative and operational support services. The sale, which remains contingent on regulatory approval, is expected to be completed in the quarter ended September 30, 2024, subject to certain extensions.

Note 6 — Discontinued operations

On January 26, 2023, the Company announced a plan to discontinue operations in unprofitable business components with unfavorable regulatory environments. During the first quarter of 2023, the Company reported the operations in California, Oregon and Colorado as discontinued operations. During the third quarter of 2023, the Company reported the operations in Michigan, Kentucky and Adult-Use Maine as discontinued operations. 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.

The planned closure of these business components met the held for sale and discontinued operations criteria under ASC 205 as of December 31, 2023; therefore, the Company has separately classified the financial results of these business components as Net loss from discontinued operations on the Consolidated Statements of Operations.

Adult-Use Maine

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.

Oregon

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 purchase agreement includes cash consideration of $2.0 million due to the Company upon completion of the sale. In connection with the sale, the Company also signed a management services agreement with Hotbox Farms to operate the business on behalf of the Company and a licensing agreement to use certain intellectual property of the Company. During the year ended December 31, 2023, the Company recorded a loss on disposal of $2.7 million. The sale was completed on March 1, 2024.

Colorado

On June 2, 2023, the Company signed a definitive real estate agreement to sell commercial property of Focused Investment Partners, LLC, located in Pueblo CO, for cash consideration of $0.4 million. The transaction closed on June 26, 2023.

On June 7, 2023, the Company signed a definitive real estate agreement to sell two commercial properties of GG Real Estate, LLC, located in Pueblo, CO, to Appleland, LLC for cash consideration of $0.5 million. The transaction closed on July 13, 2023.

On June 26, 2023, the Company signed a definitive purchase and sale agreement to sell its rights to the property of Los Suenos Farms, LLC, located in Avondale, Colorado, to Mammoth Cassa JV, LLC for cash consideration of $1.5 million. The transaction closed on June 26, 2023.

Completion of these three sales resulted in a loss on disposal of $2.0 million.

California

On February 3, 2022, the Company signed a definitive membership interest purchase agreement to sell 100% of its membership interests in Raven Holdings, LLC, a California-based limited liability company to ECCA Investment Partners, LLC. The purchase agreement is equal to a total consideration of $3.0 million, consisting of cash consideration of $0.3 million and a note receivable of $2.8 million. The transaction closed on the signing date.

Michigan and Kentucky

The Company continues to actively market the assets of its discontinued operations in Michigan and Kentucky as of December 31, 2023.

The following table summarizes the major classes of assets and liabilities of the Company's discontinued operations as of December 31, 2023 and 2022:

	2023	2022
Assets		
Accounts receivable, net of allowance for credit losses	$ 4,356	$ 6,998
Inventories, net	—	15,861
Prepaid expenses and other current assets	53	3,472
Total current assets	4,409	26,331
Deferred tax asset	8,514	13,328
Property, plant and equipment, net	293	23,820
Right-of-use assets, finance lease, net	—	282
Right-of-use assets, operating lease, net	—	4,491
Intangible assets, net	—	6,708
Other assets	—	217
Total non-current assets	8,807	48,846
Total assets	$ 13,216	$ 75,177
Liabilities		
Accounts payable	$ 665	$ 4,483
Accrued expenses	4,670	11,518
Lease liabilities, finance lease - current	28	26
Lease liabilities, operating lease - current	689	591
Notes payable - current	72	82
Total current liabilities	6,124	16,700
Notes payable, net	56	68
Lease liabilities, finance lease	285	313
Lease liabilities, operating lease	1,822	2,133
Total non-current liabilities	2,163	2,514
Total liabilities	$ 8,287	$ 19,214

The following table summarizes the Company's discontinued operations for the years ended December 31, 2023 and 2022:

	Year ended December 31,	
	2023	2022
Total revenues, net	$ 20,274	$ 60,922
Cost of goods sold	37,015	108,310
Gross loss	(16,741)	(47,388)
Other operating expenses	13,771	29,972
Operating loss	(30,512)	(77,360)
Total other expense, net	(25,257)	(62,581)
Loss from discontinued operations before provision for income taxes	(55,769)	(139,941)
Income tax benefit	4,387	28,319
Net loss from discontinued operations	$ (51,382)	$ (111,622)

Note 7 — Accounts receivable, net

Accounts receivable, net consist of the following as of December 31, 2023 and 2022:

	2023	2022
Trade accounts receivable	$ 59,998	$ 44,423
Other receivables	2,379	4,798
Total trade accounts and other receivables	62,377	49,221
Less: allowance for credit losses	(6,717)	(4,042)
Accounts receivable, net	$ 55,660	$ 45,179

Changes in the Company's allowance for credit losses were as follows:

	2023	2022
Allowance for credit losses as of January 1,	$ (4,042)	$ (1,056)
Provision	(7,541)	(4,511)
Charge-offs and recoveries	4,866	1,525
Allowance for credit losses as of December 31,	$ (6,717)	$ (4,042)

Note 8 — Inventories, net

Inventories consist of the following as of December 31, 2023 and 2022:

	2023	2022
Raw materials:		
Cannabis	$ 30,054	$ 49,461
Non-Cannabis	22,064	15,113
Total raw materials	52,118	64,574
Work-in-process	72,988	102,050
Finished goods	90,807	68,158
Inventories, net	$ 215,913	$ 234,782

During the year ended December 31, 2023 and 2022, the Company recorded inventory write downs totaling $13.2 million and $14.4 million, respectively, within Cost of goods sold on the Consolidated Statements of Operations related to aged,

obsolete or unsellable inventories, inventories that did not meet the Company's quality standards and inventories whose carrying value exceeded the estimated NRV.

Note 9 — Note receivable

Note receivable consists of the following as of December 31, 2023 and 2022:

	2023	2022
Current portion of note receivable	$ 7,020	$ —

In connection with the Company's acquisition of all assets of Grace & Co. (dba Dark Heart Nursery), as further discussed in *Note 28 — Subsequent events*, the Company issued a $7.0 million interest bearing promissory note to the seller on October 27, 2023. The Company closed on its acquisition of Dark Heart Nursery in January 2024 and will reflect the subsequent accounting for this note receivable in connection with its completion of the purchase price allocation for this acquisition.

Information about the Company's exposure to credit and market risks and impairment losses for notes receivable is included in *Note 26 — Fair value measurements and financial risk management*.

Note 10 — Property, plant and equipment, net

Property, plant and equipment, net consist of the following as of December 31, 2023 and 2022:

	2023	2022
Land	$ 8,026	$ 6,576
Building and improvements	514,777	442,749
Furniture and fixtures	168,846	180,179
Information technology	20,113	5,105
Construction in progress	43,704	81,032
Total property, plant and equipment	755,466	715,641
Less: Accumulated depreciation	(183,839)	(119,795)
Property, plant and equipment, net	$ 571,627	$ 595,846

Assets included in construction in progress represent projects related to both cultivation and dispensary facilities not yet completed or otherwise not ready for use.

Depreciation expense totaled $74.8 million and $53.4 million for the years ended December 31, 2023 and 2022, respectively, which includes $48.5 million and $36.0 million recognized as cost of goods sold and $26.3 million and $17.4 million recognized as a part of operating expenses in the Consolidated Statements of Operations for the years ended December 31, 2023 and 2022, respectively.

Asset Specific Impairment

The Company reviews the carrying value of its property, plant and equipment at each reporting period for indicators of impairment.

During the year ended December 31, 2023, the Company recognized $8.6 million of impairment expense in connection with the reclassification of certain property, plant and equipment to held for sale during 2023. Due to reduced forecasts for future operating performance at three of the Company's operations in Nevada, the Company evaluated the recoverability of the associated property, plant and equipment and determined that the carrying value of these assets were not recoverable. Therefore, the Company recorded impairment losses of $7.5 million for the property, plant and equipment associated with the three Nevada entities including Acres Cultivation, Acres Dispensary and House of Herb. In addition, the Company recorded an impairment loss of $1.1 million for the property, plant and equipment associated with Kentucky due to the Company's exit of its operations in the state. See *Note 5 — Assets and liabilities held for sale* and *Note 6 — Discontinued operations* for further detail.

During the year ended December 31, 2022, due to reduced forecasts for future operating performance at the Company's California and Colorado operations, which was an attributing factor in the Company's decision to close the majority of operations in California and Colorado, the Company evaluated the recoverability of the associated property, plant and equipment and determined that the carrying value of these assets were not recoverable. Therefore, the Company recorded impairment losses of $0.2 million and $4.9 million for the property, plant and equipment within the California asset group and Colorado asset group, respectively. In addition, due to the Company's decision to consolidate cultivation and processing operations in Massachusetts through the exit of its cultivation facility in Amesbury, Massachusetts, the Company determined that the carrying value of the ROU asset associated with this cultivation facility was also not recoverable and recorded an impairment loss of $3.8 million.

The Company recognizes impairment losses within Loss on impairment on the Consolidated Statements of Operations.

Note 11 — Leases

The Company leases real estate used for dispensaries, cultivation facilities, production plants and corporate offices. Lease ROU assets and liabilities are recognized based on the present value of future minimum lease payments over the lease term at commencement date. Some of the Company's leases contain cancellation options and/or renewal options in the event the Company is unable to obtain regulatory approval and permitting for a selected site, as well as other contingencies. In general, neither cancellation nor renewal options are recognized as part of the Company's measurement of its ROU assets and lease liabilities, until the option period has expired without exercise or until the Company is reasonably certain it will not exercise the option. The Company utilizes its incremental borrowing rate to calculate the present value of contractual lease payments, because the interest rate implicit in the Company's lease arrangements is not readily determinable.

Certain real estate leases require payment for taxes, insurance, maintenance and other common area charges. These variable expenses are considered non-lease components. These variable payments are excluded from the measurements of the Company's ROU assets and lease liabilities and are expensed as incurred. The Company accounts for its real estate leases and related fixed non-lease components together as a single component.

Certain of the Company's real estate leases typically include extension options for a period ranging from 1 to 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, renewal options are for an additional period of five years after the end of the initial lease term, the exercise of which is at the Company's discretion. 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 wherein the Company sold real estate property or equipment to a buyer and simultaneously leased back all, or a portion of, the same asset for all, or part of, the asset's remaining economic life. Transactions such as these are evaluated to determine whether sale-leaseback accounting is required. If the Company determines that it has retained control of the property or equipment, the Company recognizes the financed leased asset within Property, plant and equipment, net, with a corresponding increase to Financial obligation on the Consolidated Balance Sheets. The Company uses the effective interest method to allocate lease cash payments between reduction of the financial obligation and recognition of interest expense within Interest expense related to lease liabilities and financial obligations on the Consolidated Statements of Operations.

Leases with an initial term of 12 months or less ("short-term") and leases of machinery and equipment that are of low-value are not recorded on the Consolidated Balance Sheets. The Company's expenses related to its short-term and low-value leases were immaterial during the years ended December 31, 2023 and 2022.

The components of the Company's lease costs, including sale leaseback arrangements, recognized in the Consolidated Statements of Operations for the years ended December 31, 2023 and 2022 are as follows:

	Year ended December 31,	
	2023	**2022**
Finance lease cost:		
Amortization of ROU assets	$ 15,406	$ 11,770
Interest on finance lease liabilities	18,265	17,315
Total finance lease cost	$ 33,671	$ 29,085
Sale leaseback financial obligations:		
Interest on financial obligations	$ 24,151	$ 16,326
Depreciation on assets associated with sale leaseback financial obligations	17,715	14,652
Total financial obligation cost	$ 41,866	$ 30,978
Operating lease expense	$ 28,876	$ 22,470
Total lease costs[1]	$ 104,413	$ 82,533

(1) Excludes expenses for short-term lease and low-value leases due to immateriality of the amounts therein.

ROU assets and lease liabilities as of December 31, 2023 and 2022 consist of the following:

	2023		2022	
	Operating leases	**Finance leases**	**Operating leases**	**Finance leases**
Lease assets and liabilities:				
Right-of-use assets	$ 158,547	$ 183,820	$ 141,300	$ 181,505
Accumulated amortization	(40,112)	(40,617)	(23,145)	(24,919)
Right-of-use assets, net	$ 118,435	$ 143,203	$ 118,155	$ 156,586
Lease liabilities - current	$ 15,993	$ 9,428	$ 17,001	$ 8,340
Lease liabilities - non-current	110,398	159,961	113,307	167,411
Total lease liabilities	$ 126,391	$ 169,389	$ 130,308	$ 175,751

	As of December 31, 2023	As of December 31, 2022
Financed property and equipment, net of accumulated depreciation of $46.0 million and $28.3 million, respectively	$ 176,569	$ 194,253

In June 2022, the Company entered into three sale and leaseback transactions for building improvements and equipment at cultivation and processing sites in Florida, Illinois and Pennsylvania, all of which resulted in the Company retaining control of the leased assets. The Company recognized these assets, with a net book value of $48.7 million, as financed property and equipment within Property, plant and equipment, net on the Consolidated Balance Sheets. The Company also recognized financial obligations for the associated sales proceeds totaling $50.1 million, which is being amortized over lease periods of 13 to 14 years. The company deferred $1.4 million of gains from these three transactions that will be recognized over the respective terms of the financial obligations.

In August 2022, the Company exercised an option to purchase a leased cultivation site in Massachusetts, which was previously the subject of a sale and leaseback transaction in 2021, from the existing lessor for $15.0 million. The Company had previously constructed building improvements to the property with a net book value of $10.2 million. The Company sold the newly purchased building and improvements for $21.5 million and, simultaneously, entered into a 23-year sale and

leaseback agreement for the sold assets. The Company recognized a loss on disposal of Building and improvements of $3.9 million within Other income, net on the Consolidated Statements of Operations. Since the Company maintained control of the building and improvements, these assets, with a net book value of $21.5 million, were recognized on the Consolidated Balance Sheets as financed property and equipment. The Company also recognized a financial obligation for the sale proceeds of $21.5 million. Net proceeds from the sale and leaseback transaction was $5.4 million.

In December 2022, the Company sold cultivation and processing equipment with a net book value of $9.7 million and leased it back under a four year agreement. At the end of the four years, the Company has an option to purchase the equipment for one dollar, which it expects to exercise. The Company recognizes this cultivation and processing equipment within the Consolidated Balance Sheets as financed property and equipment. The Company also recognized a financial obligation for the sale proceeds of $9.7 million.

Asset Specific Impairment

During the year ended December 31, 2022, due to reduced forecasts for future operating performance at the Company's California and Colorado operations, which was an attributing factor in the Company's decision to close the majority of operations in the California and Colorado markets, the Company evaluated the recoverability of the asset groups to determine if the carrying values were in excess of respective fair values. It was determined that the carrying value of the California and Colorado asset groups exceeded their estimated future undiscounted cash flows; and therefore, the Company recorded impairment losses of $0.8 million in the California asset group related to ROU assets and $4 million in the Colorado asset group related to ROU assets, respectively. Further, due to the Company's decision to consolidate cultivation and processing operations in Massachusetts through the exit of its Amesbury facility, the Company determined that the ROU Asset at the Amesbury Cultivation facility was also not recoverable and recorded an impairment loss of $1 million. These impairments were all recorded within the Domestic reportable segment.

During the year ended December 31, 2023, due to the Company's decision to exit its operations at the House of Herbs facility in Nevada, the Company determined that the carrying value of the associated ROU asset was not recoverable and recorded an impairment loss of $0.2 million.

The Company recognizes impairment losses within Loss on impairment on the Consolidated Statements of Operations.

Cash flows associated with the Company's operating and finance leases for the years ended December 31, 2023 and 2022 are as follows:

	Year ended December 31,	
	2023	**2022**
Operating cash flows from finance leases	$ (18,265)	$ (17,315)
Operating cash flows from operating leases	(29,352)	(22,112)
Operating cash flows from sale leaseback financial obligations	(24,150)	(19,746)
Financing cash flows from finance leases	(8,474)	(5,586)
Financing cash flows from sale leaseback financial obligations	(4,551)	(3,089)
Proceeds from sale leasebacks accounted for as financial obligations	243	65,241
Total cash flow from lease activities	$ (84,549)	$ (2,607)

	2023	**2022**
Weighted average remaining lease term (in years) - Finance leases	10.1	11.0
Weighted average remaining lease term (in years) - Operating leases	6.9	7.7
Weighted average discount rate - Finance leases	10.70%	10.62%
Weighted average discount rate - Operating leases	10.50%	9.87%

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	$ 126,391	$ 169,389	$ 214,672

Note 12 — Intangible assets, net and Goodwill

Intangible assets, net

Identifiable intangible assets consist of the following as of December 31, 2023 and 2022:

December 31, 2023	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite lived intangible assets:			
Licenses and service agreements	$ 1,279,705	$ (248,083)	$ 1,031,622
Trade names	167,009	(41,998)	125,011
Non-compete agreements	31,716	(15,904)	15,812
Intangible assets, net	$ 1,478,430	$ (305,985)	$ 1,172,445

December 31, 2022	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Finite lived intangible assets:			
Licenses and service agreements	$ 1,218,987	$ (163,423)	$ 1,055,564
Trade names	165,592	(28,615)	136,977
Non-compete agreements	31,554	(10,792)	20,762
Intangible assets, net	$ 1,416,133	$ (202,830)	$ 1,213,303

The gross carrying amount of intangible assets increased by $62.3 million during the year ended December 31, 2023. The difference was primarily due to the reclassification of certain assets previously classified as held for sale to held for use coupled with additions from the acquisition of Deseret Wellness.

Amortization of intangible assets was $105.7 million and $92.6 million for the years ended December 31, 2023 and 2022, respectively. During the year ended December 31, 2023, the Company determined that the estimated useful lives for the tradenames it acquired in the Tryke acquisition and in the EMMAC acquisition had shorter useful lives than were initially determined at the respective acquisition dates. A change in the estimated useful life of a long-lived asset is a change in

accounting estimate to be accounted for prospectively. Accordingly, the Company accelerated the amortization of these two tradenames to reflect their revised remaining useful lives, which now end in fiscal year 2024.

The following table outlines the Company's estimated annual amortization expense over the next five years related to its intangible assets as of December 31, 2023:

Year Ending December 31,	Estimated Amortization
2024	$ 105,289
2025	95,219
2026	94,702
2027	94,109
2028	90,689

At December 31, 2023, the weighted average amortization period remaining for intangible assets was 12.33 years.

Asset Specific Impairment

The Company recognized impairment loss of $7.8 million on its intangible assets for the year ended December 31, 2023, in connection with certain of the Company's operations in Nevada classified as held-for-sale during the year ended December 31, 2023.

During the year ended December 31, 2022, due to reduced forecasts for future operating performance at the Company's California and Colorado operations, which was a contributing factor in the Company's decision to close the majority of operations in the California and Colorado, the Company evaluated the recoverability of the asset groups to determine if the carrying values were in excess of their respective fair values. It was determined that the carrying value of the California and Colorado asset groups exceeded their estimated future undiscounted cash flows; and therefore, the Company recorded impairment losses of $0.3 million in the California asset group and $13.9 million in the Colorado asset group. Evaluation of the obsolescence of intangible assets in the Massachusetts market related to the planned exit of the Amesbury Cultivation facility resulted in an impairment loss of $19.4 million. Finally, additional intangible asset impairments were recorded in the Company's North Dakota and Oregon asset groups in connection with the Company's annual impairment assessment totaling $3.6 million. These impairment losses were all recorded within the Domestic reportable segment.

The Company recognizes impairment losses within Loss on impairment on the Consolidated Statements of Operations.

Goodwill

The changes in the carrying amount of goodwill by segment and in total were as follows:

	Domestic	International	Total
Balance at December 31, 2021	$ 511,420	$ 60,234	$ 571,654
Purchase price adjustments (Note 4)	—	2,445	2,445
Divestitures	(1,630)	—	(1,630)
Loss on Impairment	(55,422)	—	(55,422)
Acquisitions (Note 4)	98,835	12,945	111,780
Difference in exchange	—	(3,698)	(3,698)
Balance at December 31, 2022	$ 553,203	$ 71,926	$ 625,129
Purchase price adjustments (Note 4)	$ —	$ 119	$ 119
Change in Assets Held for Sale (Note 5)	41,678	—	41,678
Loss on Impairment	(50,702)	—	(50,702)
Acquisitions (Note 4)	7,002	—	7,002
Difference in exchange	—	3,402	3,402
Balance at December 31, 2023	$ 551,181	$ 75,447	$ 626,628

Purchase price adjustments relate to measurement period adjustments. See *Note 4 — Acquisitions* for further details.

The Company allocates its goodwill to two reporting units, Domestic and International, which equate to the Company's operating and reportable segments, as described in *Note 23 — Segment reporting.*

As noted in *Note 3 — Significant accounting policies* during the year ended December 31, 2023, the Company evaluated its existing reporting units and determined that the individual jurisdictions in which the Company operates, were economically similar and aggregation of these individual components is required. Prior to October 1, 2023, the Company identified 16 reporting units on a jurisdictional basis. As of October 1, 2023, the Company determined aggregation of these 16 jurisdictions into two reporting units, which align with the Company's two operating segments and two reportable segments, is required pursuant to ASC 350.

In accordance with industry standard, the Company performed its annual impairment assessment on October 1, 2023, immediately before and after the reorganization of its reporting units structure from 16 reporting units, based on individual jurisdictions in which the Company operates, to two reporting units aligned with the Company's two operating segments. The recoverable amount of the reporting units were determined based on the value in use fair value market based measurement method using level 2 and level 3 inputs that were ultimately determined to be market participant assumptions. The recoverable amount for all reporting units were valued using a discounted cash flow model, a variation of the income approach, and corroborated with value indications from certain market approaches, specifically the publicly-traded guideline company method and the comparable transaction method. It is reasonably possible that future changes in assumptions may negatively impact future assessments of the recoverable amount of the Company's assets. The Company will continue to evaluate the recoverability of its assets on an annual basis.

The significant assumptions applied in the determination of the recoverable amount are described as follows:

i. *Cash flows*: Estimated cash flows were projected based on actual operating results from internal sources as well as industry and market trends;
ii. *Terminal value growth rate*: The terminal growth rate was based on historical and projected consumer price inflation, historical and projected economic indicators and projected industry growth;
iii. *Post-tax discount rate*: The post-tax discount rate is reflective of the reporting units Weighted Average Cost of Capital ("WACC"). The WACC was estimated based on the risk-free rate, equity risk premium, beta adjustment to the equity risk premium based on a direct comparison approach, an unsystematic risk premium and after-tax cost of debt based on corporate bond yields; and

iv. *Tax rate*: The tax rates used in determining the future cash flows were those effectively enacted based on jurisdiction at the respective valuation date.

The recoverable amount of the reporting units were compared to the total reporting unit carrying amount for each reporting unit grouping for impairment testing procedures. As a result of the annual goodwill impairment assessment performed on the Company's new reporting units structure, the Company determined neither its Domestic nor its International reporting units were impaired. However, the annual goodwill assessment performed on the Company's previous reporting unit structure indicated that the carrying value of the Company's operations in Nevada was lower than the recoverable amount to the extent that the goodwill previously allocated to Nevada was fully impaired. As a result, the Company recognized an impairment loss for Nevada of $44.0 million during the year ended December 31, 2023, which the Company recognized within Loss on impairment in the Consolidated Statements of Operations.

Reporting Units	Carrying Value of Goodwill	Goodwill Impairment
Nevada	$ 43,992	$ 43,992

In addition to the impairment loss resulting from the Company's annual goodwill impairment assessment, the Company recorded a $6.7 million loss on impairment of goodwill allocated to certain Nevada entities that were classified as held-for-sale during the quarter ended September 30, 2023.

Note 13 — Accrued Expenses

Accrued expenses consist of the following as of December 31, 2023 and 2022:

	2023	2022
Accrued expenses:		
Accrued loyalty payable	$ 5,327	$ 8,239
Sales taxes payable	9,971	7,380
Excise taxes payable	3,414	2,305
Accrued payroll expenses	25,227	28,224
Interest payable	6,330	3,897
Deferred revenue	866	676
Other accrued expenses	50,176	52,590
Total accrued expenses	$ 101,311	$ 103,311

Note 14 — Notes payable

Notes payable consist of the following as of December 31, 2023 and 2022:

	2023	2022
Senior Secured Notes – 2026	$ 475,000	$ 475,000
Bloom Notes – 2023	—	50,000
Bloom Notes – 2024	47,500	50,000
Bloom Notes – 2025	60,000	60,000
Seller notes payable	6,567	6,728
Other notes payable	18,389	9,923
Less: Unamortized debt discount, debt premium and deferred financing fees	(19,689)	(28,981)
Total notes payable, net of unamortized debt discount/premium and deferred financing fees	587,767	622,670
Less: Current portion of notes payable	(39,478)	(51,882)
Notes payable	$ 548,289	$ 570,788

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 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 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. As of and for the years ended December 31, 2023 and 2022, the Company was in compliance with its debt covenants.

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 paid on June 15, 2022.

The Senior Secured Notes – 2026 may be redeemed early but are subject to a prepayment premium dependent on the loan year. A maximum of 35% of the aggregate principal amount of senior secured 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.

The Senior Secured Notes - 2026 bear an effective interest rate ranging from 8.25% to 14.77%. The Company recognized interest expense under the Senior Secured Notes – 2026 of $42.2 million and $41.7 million for the years ended December 31, 2023 and 2022, respectively. Interest expense consists of interest on outstanding borrowings under various promissory note agreements as well as amortization of debt discounts and deferred financing costs.

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") and 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 and interest payments were due quarterly.

The third set of promissory notes are convertible promissory notes with a principal amount totaling $60 million that mature 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 million in the aggregate. The principal of the Bloom Note – 2023 was reduced by $6 million to $44 million, which equaled the total principal payments the Company had made towards the Bloom Note – 2023 as of April 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 (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.

The Restructured Bloom Note bears an effective interest rate of 10%, and the Bloom Notes - 2025 bear an effective interest rate of 10.35%. The Company recognized interest expense under the Bloom Notes of $14.1 million and $13.7 million for the years ended December 31, 2023 and 2022, respectively.

Seller notes payable

At December 31, 2023, the Company had two outstanding seller notes payable totaling $6.6 million. The Company executed a note payable in connection with the acquisition of Phytotherapeutics Management Services, LLC totaling $2.0 million, inclusive of interest, (the "Phyto Note"). The Phyto Note bears interest at a rate of 7.5% per annum and matures in July 2024. The Company also executed a note payable in connection with the Company's purchase of a building in Scottsdale, Arizona totaling $4.6 million (the "Scottsdale Note"). The Scottsdale Note bears interest at a rate of 5% per annum and matures in December 2036. Total interest expense recognized under both seller notes payable was $0.7 million and $0.6 million for the years ended December 31, 2023 and December 31, 2022, respectively.

Other notes payable

At December 31, 2023, the other notes payable primarily consist of a note payable with BHH in the amount of $7.5 million (the "BHH Note"), due June 30, 2024, and a note payable held by Four20, a subsidiary of Curaleaf International, with Verbundvolksbank OWL (the "VOWL Note") in the amount of €1.9 million, due March 30, 2025. The BHH Note bears interest at a rate of 15% per annum, and interest payments are due quarterly. The VOWL Note bears interest at a rate of 5.9% per annum, and interest payments are due monthly. The VOWL Note is secured by the Company's deposit account at EWB and is included in the Company's restricted cash balance. The Company recognized interest expense under other notes payable of $1.2 million and $0.6 million for the years ended December 31, 2023 and 2022, respectively.

Asset-based revolving credit facility

Effective August 25, 2023, the Company entered into an asset-based revolving credit facility with EWB, under which the Company can borrow up to $6.5 million. Upon execution of the credit facility, the Company immediately 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. The credit facility is secured by the Company's deposit account at EWB and is classified as restricted cash within Cash, cash equivalents and restricted cash in the Company's Consolidated Balance Sheet as of December 31, 2023. The principal restrictions on incurring indebtedness includes the requirement to furnish EWB with financial statements and other related information. 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.

Future maturities

As of December 31, 2023, future principal payments due related to the Company's notes payable were as follows:

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

Information about the Company's exposure to interest rate risks and liquidity risks is included in *Note 26 — Fair value measurements and financial risk management*.

Note 15 — Shareholders' equity

The authorized and issued share capital of the Company is as follows:

Authorized

In December 2023, in connection with the Company's TSX listing, the authorized share capital of the Company was amended in order to: (i) create a new class of non-voting and non-participating shares in the capital of the Company exchangeable at the holder's option into SVS (the "Exchangeable Shares") and authorize the issuance of an unlimited number of Exchangeable Shares; and (ii) restate the rights of the SVS to provide for a conversion feature whereby each SVS may at any time, at the holder's option, be converted into one (1) Exchangeable Share. The Exchangeable Shares do not carry voting rights, rights to receive dividends or other rights upon dissolution of the Company and are considered "restricted securities" within the meaning of such term under applicable Canadian securities laws. The amendments aim to provide the Company's shareholders with the option to convert their SVS into Exchangeable Shares if such shareholders prefer to hold non-voting and non-participating shares given the uncertainty and complexity related to cannabis regulations in the U.S.

As of December 31, 2023, the authorized share capital consists of (i) an unlimited number of multiple voting shares ("MVS") without par value, (ii) an unlimited number of SVS, without par value and (iii) an unlimited number of Exchangeable Shares, without par value.

Issued

As of December 31, 2023, the Company had 93,970,705 MVS issued and outstanding that were held directly or indirectly by Boris Jordan, the Company's Executive Chairman ("Executive Chairman").

Holders of the MVS are entitled to 15 votes per share and are entitled to notice of and to attend at any meeting of the shareholders, except a meeting of which only holders of another particular class or series of shares will have the right to vote. As of December 31, 2023 and 2022, the MVS represent approximately 12.8% and 13.1%, respectively, of the total issued and outstanding shares and 68.8% and 69.3%, respectively, of the voting power attached to such outstanding shares. The MVS are convertible into SVS on a one-for-one basis at any time at the option of the holder or upon termination of the MVS structure. At the annual and special meeting of the shareholders of the Company held on September 9, 2021, the shareholders of the Company approved an amendment to the articles of the Company (the "Amendment") in order to extend the automatic termination of the dual-class structure of the Company, which was previously set to occur on October 25, 2021, and to maintain such dual-class structure until the earlier to occur of: (i) the transfer or disposition of the MVS by the Executive Chairman to one or more third parties which are not permitted holders; (ii) the Executive Chairman or his permitted holders no longer beneficially owning, directly or indirectly and in the aggregate, at least 5% of the issued and outstanding SVS and MVS on a non-diluted basis; and (iii) the first business day following the first annual meeting of shareholders of the Company following the SVS being listed and posted for trading on a U.S. national securities exchange such as Nasdaq or The New York Stock Exchange.

As of December 31, 2023 and 2022, the Company had 639,757,098 and 623,520,125, respectively, SVS issued and outstanding; see details of the share balance below. Holders of the SVS are entitled to one vote per share.

As of December 31, 2023, no Exchangeable Shares have been issued.

	SVS	MVS	Total
As of January 1, 2022	614,369,729	93,970,705	708,340,434
Issuance of shares in connection with acquisitions (Note 4)	7,392,857	—	7,392,857
Acquisition escrow shares returned and retired	(980,098)	—	(980,098)
Exercise of stock options (Note 17)	1,269,953	—	1,269,953
Issuance of SVS for settlement of RSUs (Note 17)	1,315,176	—	1,315,176
Share-based compensation (Note 17)	152,508	—	152,508
As of December 31, 2022	623,520,125	93,970,705	717,490,830
Issuance of shares in connection with acquisitions (Note 4)	12,329,002	—	12,329,002
Issuance of shares in connection with public offering	2,700,000	—	2,700,000
SVS contributed to Curaleaf, Inc. in connection with the Reorganization	(254,315)	—	(254,315)
Acquisition escrow shares returned and retired	(350,794)	—	(350,794)
Exercise of stock options (Note 17)	211,775	—	211,775
Issuance of SVS for settlement of RSUs	1,601,305	—	1,601,305
As of December 31, 2023	639,757,098	93,970,705	733,727,803

As of December 31, 2023 and 2022, the number of SVS available for issuance under the Company's 2018 Long Term Incentive Plan ("LTIP") was 73,372,780 and 71,749,083 SVS, respectively. See *Note 17 — Share-based compensation* for further detail.

Treasury shares

In connection with the Company's listing on the TSX and the restructuring of the capital structure of Curaleaf, Inc., 254,315 SVS, valued at cost of $1.1 million, was contributed by the Investor to Curaleaf, Inc. during the year ended

December 31, 2023. In accordance with ASC 205, the Company recognized these contributed SVS within Treasury shares on the Consolidated Balance Sheet as of December 31, 2023. See *Note 2 — Basis of presentation and consolidation* for further detail.

During the years ended December 31, 2023 and 2022, the Company received back from the escrow agent and concurrently cancelled 350,794 and 980,098 SVS, respectively, that had previously been issued into an escrow account at the Select and Grassroots acquisition dates. The SVS were returned to the Company as the matters subject to be paid via escrow were resolved and/or the escrow resolution periods were completed.

Capital raise

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 2,700,000 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 United States 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.

Note 16 — Redeemable non-controlling interest

On April 7, 2021, the Company established Curaleaf International together with a strategic investor who provided initial capital of $130.8 million for 31.5% equity stake in Curaleaf International (the "Curaleaf International Transaction"). Curaleaf and the strategic investor entered into a shareholders' agreement regarding the governance of Curaleaf International pursuant to which Curaleaf has control over operational issues as well as the raising of capital and the ability to exit the business. In addition, the strategic investor's stake is subject to put/call rights which permit either party to cause the stake to be bought out by Curaleaf in exchange for Curaleaf equity starting the earlier of change of control or in 2025.

In connection with the acquisition of Four20 in September 2022, the selling shareholders and Curaleaf International entered into a separate 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.

The estimated redemption value of the put/calls were below their carrying value, which is recorded on the Company's Consolidated Balance Sheets as temporary equity in the amount of $120.7 million and $121.1 million as of December 31, 2023 and 2022, respectively.

Note 17 — Share-based compensation

Equity Incentive Plans

The Company maintains a 2018 Equity Incentive Plan (as amended from time to time, the "LTIP"), which was initially established in connection with the Business Combination and which provides for the grant of incentive stock options, non-statutory stock options, stock appreciation rights, restricted stock and restricted stock units, performance awards, dividend equivalents and other share-based awards to eligible participants. The number of SVS reserved for issuance from time to time under the LTIP is calculated as 10% of the aggregate number of SVS and MVS outstanding on an "as-converted" basis.

Share-based compensation expense consists of the following for the years ended December 31, 2023 and 2022:

	Year ended December 31,	
	2023	**2022**
Stock options	$ 7,591	$ 13,130
Performance stock units	501	—
Restricted stock units	11,918	14,887
Share-based compensation	$ 20,010	$ 28,017

Stock options

The Company estimates the fair value of each stock option grant on the date of grant primarily using the Black-Scholes valuation model. In instances where stock option grants have performance or market conditions, the Company utilizes the Monte Carlo valuation model to simulate a wide range of potential future market conditions and uncertainties that could affect the fair value of the underlying stock options. As of December 31, 2023 and 2022, total unamortized compensation cost related to unvested stock options was $18.3 million and $69.1 million, which the Company expects to recognize over a weighted-average period of 2.31 years and 1.35 years, respectively.

The total intrinsic value of options exercised and the total fair value of shares vested during the year are as follows:

	2023	2022
Total intrinsic value of options exercised	$ 798	$ 7,628
Total fair value of shares vested	10,221	24,977

Significant assumptions used to estimate the fair value of the Company's stock option grants during the year granted consist of the following:

	2023	2022
Expected volatility	68% - 72%	68%% - 70%
Expected life in years	5.4 - 6.7	5.3 - 5.4
Expected dividends	— %	— %
Risk-free interest rate (based on government bonds)	3.13% - 4.60%	2.81% - 4.13%

Expected volatility is estimated based on the historical volatility, as Management believes this is the best estimate of the expected volatility over the expected life of the Company's stock options granted. The expected life in years represents the period of time that stock options granted are expected to be outstanding. The expected term of stock options granted to non-employees is equal to the contractual term of the option award. The risk-free interest rate is determined by reference to the U.S. Treasury yield curve in effect at the time of grant of the award for time periods approximately equal to the expected term of the stock options granted. Expected dividend yield is based on the fact that the Company has never paid cash dividends and does not expect to pay any cash dividends in the foreseeable future.

The Company's stock option activity and related information during the years ended December 31, 2023 and 2022 are as follows:

	Number of options	Weighted average exercise price	Weighted average remaining contractual life (years)	Aggregate intrinsic value
Outstanding at January 1, 2023	24,539,168	$ 6.67		
Forfeited during the year	(2,569,561)	7.40		
Expired during the year	(2,421,729)	9.24		
Exercised during the year	(211,775)	0.23		
Granted during the year [(1)]	8,596,500	2.97		
Outstanding at December 31, 2023	27,932,603	$ 5.29	6.29	$ 34,646
Options exercisable at December 31, 2023	14,967,286	$ 5.41	4.22	$ 25,679

(1) Includes stock options the Company issued to the Company's Executive Chairman during the year ended December 31, 2023 that vest based on the achievement of certain market-based performance goals over the performance period, including the achievement of certain stock price performance targets. There are three stock price targets, based on an average closing price of the Company's common stock, that can be achieved over the performance period.

	Number of options	Weighted average exercise price	Weighted average remaining contractual life (years)	Aggregate intrinsic value
Outstanding at January 1, 2022	23,566,933	$ 6.76		
Forfeited during the year	(1,849,182)	12.86		
Expired during the year	(621,945)	4.31		
Exercised during the year	(1,269,953)	0.41		
Granted during the year	4,713,315	6.67		
Outstanding at December 31, 2022	24,539,168	$ 6.67	6.13	$ 29,370
Options exercisable at December 31, 2022	15,961,157	$ 5.60	4.60	$ 29,290

Performance stock units

During the year ended December 31, 2023, the Company issued PSUs to certain executives that vest based on the satisfaction of service conditions and the achievement of certain annual performance goals, including certain annual revenue and other financial metric targets. As of December 31, 2023, total unamortized compensation cost related to unvested performance stock units was $5.3 million, which the Company expects to recognize over a weighted-average period of 2.18 years. There were no PSUs as of December 31, 2022.

The Company's PSU activity and related information for the year ended December 31, 2023, are as follows:

	Number of PSUs	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2023	—	$ —
Forfeited	(216,251)	2.89
Vested	—	—
Granted	2,240,372	2.89
Unvested at December 31, 2023	2,024,121	$ 2.89

Restricted stock units

The Company's RSU activity and related information for the years ended December 31, 2023 and 2022 are as follows:

	Number of RSUs	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2023	4,284,439	$ 7.44
Forfeited during the year	(1,749,598)	5.66
Released during the year	(1,601,305)	7.77
Granted during the year	5,212,423	3.03
Unvested at December 31, 2023	6,145,959	$ 4.12
RSUs vested at December 31, 2023	5,832,838	

	Number of RSUs	Weighted-Average Grant Date Fair Value
Unvested at January 1, 2022	2,871,779	$ 11.21
Forfeited during the year	(908,167)	11.26
Vested during the year	(1,511,438)	10.19
Granted during the year	3,832,265	6.60
Unvested at December 31, 2022	4,284,439	$ 7.44
RSUs vested at December 31, 2022	4,231,533	

As of December 31, 2023 and 2022, total unamortized compensation cost related to unvested restricted stock units was $17.9 million and $23.9 million, which the Company expects to recognize over a weighted-average period of 1.83 years and 2.16, respectively.

Note 18 — Selling, general and administrative expense

Selling, general and administrative expenses consist of the following for the years ended December 31, 2023 and 2022:

	Year ended December 31,	
	2023	2022
Salaries and benefits	$ 206,787	$ 211,426
Sales and marketing	41,992	39,747
Rent and occupancy	48,983	49,824
Travel	5,741	10,575
Professional fees	38,631	32,820
Office supplies and services	22,616	27,832
Other	50,023	47,656
Total selling, general and administrative expense	$ 414,773	$ 419,880

Advertising costs, which are recorded in Sales and marketing, are expensed as incurred and totaled $12.0 million and $11.3 million for the years ended December 31, 2023 and 2022, respectively.

Note 19 — Other income (expense)

Other (expense) income consists of the following for the years ended December 31, 2023 and 2022:

	Year ended December 31,	
	2023	2022
Loss on disposal of assets	$ (8,541)	$ (548)
Gain on investment	2,073	21,952
Modification and extinguishment of debt	2,065	205
Other income (expense), net	4,589	(1,764)
Total other expense, net	$ 186	$ 19,845

Note 20 — Revenue disaggregation

Total net revenues consists of the following for the years ended December 31, 2023 and 2022:

	Year ended December 31,	
	2023	2022
Revenues, net:		
Retail revenues	$ 1,097,172	$ 1,001,536
Wholesale revenues	243,606	269,042
Management fee income	5,854	4,842
Total revenues, net	$ 1,346,632	$ 1,275,420

Note 21 — Income Taxes

For financial reporting purposes, income before taxes from continuing operations includes the following components for the years ended December 31, 2023 and 2022:

	Year ended December 31	
	2023	2022
Domestic	$ (95,991)	$ (62,647)
Foreign	(28,375)	(23,841)
Total	$ (124,366)	$ (86,488)

Provision for income taxes from continuing operations for the years ended December 31, 2023 and 2022 consisted of the following:

	Year ended December 31,	
	2023	2022
Current:		
Federal	$ 121,079	$ 143,148
State	22,825	43,756
Foreign	123	(304)
Total current	$ 144,027	$ 186,600
Deferred:		
Federal	$ (20,775)	$ (8,016)
State	(9,057)	2,625
Foreign	394	(2,387)
Total deferred	$ (29,438)	$ (7,778)

The Company’s provision for income taxes differs from the result of applying the statutory tax rate to Loss before provision for income taxes, primarily due to state income taxes, penalties and interest on late tax payments, changes in valuation allowances and uncertain tax positions as well as non-deductible expenses, which largely consist of expenses subject to Section 280E disallowance.

A reconciliation of the statutory income tax rate on continuing operations to the Company's effective income tax rate is as follows:

	Year ended December 31,			
	2023		2022	
Provision for income taxes computed using statutory tax rate	$ (18,655)	15 %	$ (12,973)	15 %
Effect of tax rates in foreign jurisdictions	(9,149)	7 %	(7,473)	9 %
Tax effect of:				
State income taxes, net of federal income tax benefit	13,769	(11)%	46,337	(54)%
Share-based compensation	2,033	(2)%	(7,093)	8 %
Non-deductible expenses	83,533	(67)%	78,465	(91)%
Increase in uncertain tax position	(12,185)	10 %	11,157	(13)%
Increase in valuation allowance	36,042	(29)%	61,918	(72)%
Penalties and interest	19,134	(15)%	4,555	(4)%
Other	67	— %	3,929	(5)%
Provision for income taxes	$ 114,589	(92)%	$ 178,822	(207)%

The Company operates in the legal cannabis industry but is subject to Section 280E. Section 280E prohibits businesses engaged in the trafficking of controlled substances (within the meaning of Schedule I and II of the Controlled Substance Act) from deducting normal business expenses associated with the sale of cannabis, such as payroll and rent, from Gross profit (revenue less cost of goods sold). The application of Section 280E has a significant impact on the retail operations of cannabis and a lesser impact on cultivation and manufacturing operations. Section 280E was originally intended to penalize criminal market operators; however, since cannabis remains a Schedule I controlled substance for U.S. Federal purposes, the Internal Revenue Service ("IRS") has 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 Gross profit. In addition, for states, within which the Company operates, that align their tax codes with Section 280E, the Company is also unable to deduct normal business expenses for state tax purposes. This results in permanent differences between ordinary and necessary business expenses that have been deemed non-allowable as well as a higher effective tax rate than in most industries. The non-deductible expenses shown in the above effective tax rate reconciliation are generated primarily by the impact of applying Section 280E to the Company's cannabis operations. Other typical non-deductible expenses include lobbying fees.

The IRS has invoked Section 280E in tax audits against various state-legal cannabis businesses in the U.S. Although the IRS has issued a clarification allowing the deduction of certain expenses, the scope of this allowance is interpreted very narrowly, resulting in the non-deductibility of certain customary operating and general administrative costs. While there are currently several pending cases before various administrative and federal courts challenging the restrictions of Section 280E, there is no guarantee that these administrative and/or federal courts will issue an interpretation of Section 280E favorable to the cannabis industry.

The components of the Company's deferred tax assets and liabilities associated with its continuing operations as of December 31, 2023 and 2022 were as follows:

	2023	2022
Deferred tax assets:		
Net operating loss carryforward	$ 188,944	$ 161,360
163j Interest Carryovers	57,809	41,596
Stock compensation	10,808	12,906
Accrued and prepaid expenses	3,347	2,593
Other	52	111
Total deferred tax assets	$ 260,960	$ 218,566
Deferred tax liabilities:		
Depreciation and amortization	$ (300,073)	$ (312,793)
Inventory	(1,056)	(1,112)
Total deferred tax liabilities	$ (301,129)	$ (313,905)
Valuation allowance	(256,599)	(212,071)
Net deferred tax liabilities	$ (296,768)	$ (307,410)

The measurement of deferred tax assets is reduced through a valuation allowance, if necessary, by the amount of any tax benefits that, based on available evidence, are more-likely-than-not expected to be unrealized. Accordingly, the need to establish valuation allowances for deferred tax assets is assessed at the end of each reporting period based on a more-likely-than-not realization threshold. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability and the duration of statutory carryforward periods. Beginning with the tax year ending December 31, 2022, the Company began filing consolidated federal and applicable state income tax returns for all entitles eligible for inclusion. As of December 31, 2023, the Company performed the assessment as to whether a valuation allowance was required on certain of its deferred tax assets for the consolidated group and separately for non-included entities. As a result of this assessment, the Company determined that it appropriate to establish a valuation allowance against the deferred tax assets generated by certain of its U.S. federal and U.S. state operations as well as its international operations in France, U.K. and Germany.

At December 31, 2023, the Company had federal and state tax loss carryforwards of $586.9 million, which expire between 2024 and 2043, and at December 31, 2022, the Company had federal and state tax loss carryforwards of $542.4 million, which began expiring in 2023 through 2042. At December 31, 2023 and 2022 the Company had foreign tax loss carryforwards of $1.5 million and $0.7 million, respectively, which expire in 2034. At December 31, 2023 and 2022, the Company had federal and state tax loss carryforward of $589.6 million and $517.7 million, respectively, which will never expire. At December 31, 2023 and 2022, the Company had foreign tax loss carryforwards of $97.5 million and $80.3 million, respectively, which will never expire.

The Company accounts for the undistributed earnings of the Group as a temporary difference, except for the undistributed earnings of its foreign subsidiaries that are deemed to be indefinitely reinvested in foreign jurisdictions. The Company considers the earnings and profits of its foreign subsidiaries to be indefinitely reinvested.

Under IRC 382, if a corporation undergoes an "ownership change," the corporation's ability to use its pre-change NOL carryforwards and other pre-change tax attributes to offset its post-change income may be limited. The Company has not completed a study to assess whether an "ownership change" has occurred or whether there have been multiple ownership changes since the Company became a "loss corporation," as defined in Section 382. Future changes in the Company's equity ownership, which may be outside of the Company's control, may trigger an "ownership change." In addition, future equity offerings or acquisitions that have equity as a component of the purchase price consideration could result in an "ownership change." If an "ownership change" has occurred, or does occur in the future, the Company may be limited in its utilization of its NOL carryforwards and/or other tax attributes, which could potentially result in increased future tax liabilities for the Company.

The following table summarizes the activity within the Company's unrecognized tax benefits from continuing operations for the year ended December 31, 2023 and 2022:

	As of December 31,	
	2023	2022
Balance at beginning of the year	$ 70,888	$ 38,099
Additions based on tax positions related to the current year	8,313	7,386
Additions for tax positions of prior years	(896)	7
Additions based on acquisitions	(485)	30,122
Lapse of statute	(20,889)	(4,726)
Balance at the end of the year	$ 56,931	$ 70,888

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 end of the reporting period. There is inherent uncertainty in quantifying income tax positions, especially considering the complex tax laws and regulations for the U.S. federal, U.S. state and foreign jurisdictions in which the Company operates. The Company's Consolidated Financial Statements reflect tax benefits recognized by the Company on those tax positions where it is more-likely-than-not that a tax benefit will result upon ultimate settlement with a taxing authority in possession of all relevant information. The Company has not recognized any tax benefits associated with those income tax positions where it is not more-likely-than-not that a tax benefit will result in its Consolidated Financial Statements.

As of December 31, 2023 and 2022, the Company recorded $0.5 million and nil, respectively, of unrecognized tax benefits in short-term liabilities and $56.4 million and $70.9 million, respectively, of unrecognized tax benefits in other long-term liabilities. As of December 31, 2023 and 2022, $21.0 million and $25.4 million, respectively, of these unrecognized tax benefits were recorded as a result of acquisitions and are subject to indemnifications. Since the Company has collateral and/or other deferred consideration sufficient to cover any potential resulting indemnification liability; therefore, the Company has recognized a non-current tax receivable within Income tax receivable on its Consolidated Balance Sheets. The Company expects there is a reasonable possibility that unrecognized tax benefits in the range of $10.9 million to $21.3 million will change within 12 months due to lapses of statutes and possible settlements with tax authorities. As of December 31, 2023 and 2022, included in the balances of unrecognized tax benefits, is $35.9 million and $45.5 million, respectively, of unrecognized tax benefits that if recognized, would impact the Company's effective tax rate.

The Company recognizes interest and penalties, if any, related to unrecognized tax positions in the provision for income taxes or in long-term tax receivable if associated with the acquisitions mentioned above. As of December 31, 2023 and 2022, the Company accrued interest and penalties of $(1.6) million and $2.2 million, respectively, for its uncertain tax positions as a component of income tax expense. As of December 31, 2023, the Company also had accrued interest and penalties of $13.1 million, for its uncertain tax positions as a component of short-term tax liabilities and long-term tax receivable, respectively.

The Company files its income 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 taxing authorities, where applicable. As of December 31, 2023, the Company is currently under examination by the IRS for tax years 2016, 2017 and 2018. As of December 31, 2023, Curaleaf Northshore, Inc. (formerly known as Alternative Therapies Group, Inc.), a subsidiary of Curaleaf, Inc., has effectively settled its examination by the IRS for the 2018 tax year. In the above referenced IRS examination for the tax years 2016, 2017 and 2018, the IRS proposed adjustments relating to the Company's treatment of certain expenses under Section 280E; however, the Company is defending its tax reporting before the IRS, and the outcome of this audit remains unclear. The Company also intends to litigate any further such challenges out of the belief that all of its other tax positions can be sustained under an examination by the IRS. The ultimate resolution of tax matters could have a material effect on the Company's consolidated financial statements in future reporting periods. As the IRS interpretations on Section 280E continue to evolve, the impact of any such challenges cannot be reliably estimated. As of December 31, 2023, the Company's tax years from 2016 through 2018 remain open due to the ongoing tax audit mentioned above; tax year 2019 is closed due to the lapse of the applicable statute of limitations and tax years 2020 through 2023 remain open.

Note 22 — Earnings per share

Basic and diluted loss per share attributable to Curaleaf Holdings, Inc. for the years ended December 31, 2023 and 2022 was calculated as follows:

	Year ended December 31,	
	2023	2022
Numerator:		
Net loss from continuing operations	$ (238,955)	$ (265,310)
Less: Net loss attributable to redeemable non-controlling interest	(9,140)	(6,833)
Net loss from continuing operations attributable to Curaleaf Holdings, Inc.	(229,815)	(258,477)
Net loss from discontinued operations	(51,382)	(111,622)
Net loss attributable to Curaleaf Holdings, Inc.	$ (281,197)	$ (370,099)
Denominator:		
Basic weighted-average common shares outstanding	724,124,894	711,159,444
Effect of dilutive stock options to purchase common stock	7,771,793	9,327,248
Effect of dilutive restricted stock awards	2,519,282	2,092,432
Effect of dilutive performance-based stock awards	1,301,874	—
Effect of dilutive convertible debt	4,282,600	—
Effect of dilutive contingent shares	4,074,000	6,347,584
Pro forma diluted weighted-average common share outstanding [1]	744,074,443	728,926,708
Per share – basic and diluted[1]:		
Loss per share from continuing operations, net of loss attributable to non-controlling interest	$ (0.32)	$ (0.36)
Loss per share from discontinued operations	(0.07)	(0.16)
Loss per share attributable to Curaleaf Holdings, Inc. – basic and diluted	$ (0.39)	$ (0.52)

(1) As a result of the net losses incurred by the Company from its continuing operations and its discontinued operations for the year ended December 31, 2023 and 2022, the calculation of diluted net loss per share for each period presented gives no consideration to potentially anti-dilutive securities (ex: LTIP share-based awards and convertible debt); and as such, is the same as basic net loss per share for each period presented.

Note 23 — Segment reporting

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.

The following tables present certain financial by reportable segment as of and for the years ended December 31, 2023 and 2022. The CODM does not review total assets or net income (loss) by operating/reportable segment; therefore, such information is not presented.

	Domestic	International	Total
December 31, 2023:			
Revenues, net	$ 1,285,625	$ 61,007	$ 1,346,632
Gross profit	591,908	22,541	614,449
Long-lived assets	2,349,338	328,636	2,677,974

	Domestic	International	Total
December 31, 2022:			
Revenues, net	$ 1,240,986	$ 34,434	$ 1,275,420
Gross profit	615,360	11,059	626,419
Long-lived assets	2,431,662	330,472	2,762,134

Note 24 — Commitments and contingencies

Indemnification agreements

In the ordinary course of business, the Company may provide indemnification of varying scope and terms to vendors, lessors, business partners and other parties with respect to certain matters including, but not limited to, losses arising out of breach of such agreements or from intellectual property infringement claims made by third parties. In addition, the Company has entered into indemnification agreements with members of its board of directors and senior management team that may require the Company, among other things, to indemnify them against certain liabilities that may arise by reason of their status or service as directors or senior officers with the Company. The maximum potential amount of future payments the Company could be required to make under these indemnification agreements is, in many cases, unlimited. To date, the Company has not incurred any material costs as a result of such indemnification agreements. The Company does not believe that the outcome of any claims under indemnification arrangements will have a material effect on its financial position, results of operations or cash flows, and it has not accrued any liabilities related to such obligations in its financial statements.

Dividend Restriction

The Company has no record of paying dividends, and its ability to pay dividends depends on the results of operations and subject to applicable laws and regulations, which require that solvency and capital standards be maintained by such companies and contractual restrictions contained in the instruments governing the debt. The Company is permitted to declare and pay dividends, as long as the Company is not in default with respect to the Senior Secured Notes – 2026 and maintains compliance with certain provisions therein specific to restrictions of incurrence of indebtedness.

Litigation

The Company is involved in claims or lawsuits that arise in the ordinary course of business. Although the ultimate outcome of these claims or lawsuits cannot be ascertained by the Company, on the basis of present information and advice received from counsel, it is management's opinion that the disposition or ultimate determination of such claims or lawsuits will not have a material adverse effect on the Company.

Among other legal disputes, the Company is currently, or was during the two most recently completed fiscal years, involved in the following proceedings related to material disputes:

Sentia Wellness

On January 6, 2022, Measure 8 Ventures, LP and other purchasers of debentures from Sentia Wellness, Inc. ("Sentia") filed suit against Nitin Khanna and six other former officers, directors and/or advisors of Sentia in the Circuit Court of the State of Oregon for Multnomah County, alleging violations of Oregon securities law by making false and

misleading statements and omissions to induce the plaintiffs to purchase over $74 million of debentures in Sentia. On May 16, 2022, the defendants filed their answer to the plaintiffs' complaint along with affirmative defenses and various counter-claims against the plaintiffs as well as claims against third-parties Curaleaf Holdings, Inc., Cura Partners, Inc. and certain other individuals. The third-party claims include claims for unjust enrichment, breach of fiduciary duty and tortious interference in connection with the Company's acquisition of Cura Partners, Inc. In addition, the third-party complaint alleges claims against Curaleaf Holdings, Inc. and Cura Partners, Inc. for indemnification as well as reimbursement and advancement of attorneys' fees and expenses under Oregon law and Cura Partners, Inc.'s bylaws. Nitin Khanna and the other third-party plaintiffs sought actual damages in an amount of $515 million and other relief. Curaleaf Holdings, Inc. and Cura Partners, Inc. were not targeted by all of the third-party plaintiffs claims. On October 25, 2022, Nitin Khanna and the third-party plaintiffs filed a stipulation of dismissal, which was subsequently signed by the judge and which dismissed without prejudice all of the plaintiffs' claims against Curaleaf Holdings, Inc. and Cura Partners, Inc.

The remaining claims were settled in October 2023 by all parties, pursuant to which Curaleaf, its affiliates, their respective officers, directors and employees were released without any liability, payment of consideration of any kind or admission of liability.

Connecticut Arbitration

Pursuant to the Second Amended and Restated Operating Agreement of Doubling Road Holdings, LLC ("**Doubling Road Holdings**"), the holders (the "**Holders**") of a majority of the Series A-2 Units of Doubling Road Holdings had the right (the "**Put Right**") to require PalliaTech CT, LLC (PalliaTech CT), or any of its affiliates, purchase all of the Series A-2 Units in exchange for shares of PalliaTech, Inc. (now Curaleaf, Inc.), the parent of PalliaTech CT, pursuant to a defined "Buy-Out Exchange Ratio." On October 25, 2018, the Holders, the Company and others entered into a Stipulation of Settlement in order to resolve a dispute with respect to the applicable Buy-Out Exchange Ratio. The Stipulation of Settlement provided, among other things, that PalliaTech CT would purchase the Holders' interests in exchange for (1) a payment of $40.1 million; (2) 4,755,548 SVS and (3) 2,016,859 additional SVS following completion of a Settlement Second Appraisal, dated December 12, 2019. On January 23, 2020, the Holders filed claims in arbitration including for fraudulent inducement and breach of contract, relating primarily to a lock-up agreement that the Holders signed in connection with the Stipulation of Settlement. The hearing of the case took place in April 2022 and on September 6, 2022, the arbitrator issued a Final Partial Award dismissing all of the Holders' claims and awarding costs of the arbitration to Curaleaf. The arbitrator issued a final award of the costs to be paid by the DRH plaintiffs to Curaleaf, and the immaterial reimbursement was received in the fourth quarter ended December 31, 2022.

Parallel Illinois, LLC

On April 1, 2021, Curaleaf and the owners of the Illinois Assets (the "**Plaintiffs**") signed definitive agreements to sell the Illinois Assets to Parallel Illinois, LLC ("**Parallel**"). Under the terms of the transaction, total consideration for the purchase of the Illinois Assets was $100 million, which consisted of cash consideration of $60 million and equity consideration of $40 million in Parallel stock, as well as earnouts of up to an additional $55 million payable through 2023. The Company received a $10 million deposit from Parallel, which was refundable under limited circumstances. On February 25, 2022, the Company received correspondence from Parallel's attorneys indicating Parallel was not in a position to complete the acquisition of the Illinois Assets due to lack of financing, among other reasons, and declaring the definitive agreements to purchase the Illinois Assets terminated. On February 2, 2022, the Company filed an arbitration against Parallel and certain principals of Parallel for breach of contract, fraudulent misrepresentation and other claims. As a result of the breach of contract, the Company determined that the $10 million deposit received from Parallel was no longer refundable and, accordingly, recognized a gain of $10 million within Other income, net in the Consolidated Statements of Operations during the year ended December 31, 2022. In September 2023, the Company and Parallel entered into a Confidential Settlement Agreement to settle the dispute in full (the "**Parallel Settlement Agreement**"). Under this agreement, the Company is to receive $0.5 million upon the consummation and closing of a restructuring, foreclosure or sale transaction involving all or substantially all the assets of Parallel and its subsidiaries, subject to certain conditions. As part of this settlement, Parallel formally released its claims against the Plaintiffs, including with respect to any claim for return of the $10 million deposit. See *Note 5 — Assets and liabilities held for sale* for further detail.

Note 25 — 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 the related parties.

The following table summarizes the Company's transactions with related parties during the years ended December 31, 2023 and 2022:

	Year ended December 31,		As of December 31,	
Transaction	**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
	$ 3,915	$ 4,911	$ 10,000	$ 10,000

(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 $0.7 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) Rent expense reimbursement relate to a sublease between Curaleaf NY LLC and Measure 8 as well as a lease between GR Companies, Inc. and FREP Elm Place II, LLC, a company owned in part by Mitchell Kahn, a Board Member. There are on-going contractual commitments related to both lease arrangements.

(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.

Note 26 — Fair value measurements and financial risk management

The Company's financial instruments consist of cash, restricted cash and cash equivalents, notes receivable, accounts payable, accrued expenses, long-term debt and a redeemable non-controlling interest contingency. The fair values of cash, restricted cash, cash equivalents, notes receivable, accounts payable and accrued expenses approximate their carrying values due to the relatively short-term to maturity. The carrying value and fair value of the Company's long-term notes payable was $587.8 million and $530.9 million, respectively, as of December 31, 2023. The carrying value and fair value of the Company's long-term notes payable was $622.7 million and $563.5 million, respectively, as of December 31, 2022.

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 the fair value 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.

Non-recurring fair value measurements

The Company's assets measured at fair value on a nonrecurring basis include investments, long-lived 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. Fair value measurements of these assets are derived using inputs that are not based on observable market data and are classified within Level 3 of the fair value hierarchy. See *Note 10 — Property, plant and equipment, net*, *Note 11 — Leases* and *Note 12 — Intangible assets, net and Goodwill* for further details.

Recurring fair value measurements

	Fair value measurements as of December 31, 2023 using:			
	Level 1	**Level 2**	**Level 3**	**Total**
Deferred consideration liabilities	$ —	$ 43,652	$ —	$ 43,652
Contingent consideration liabilities	—	—	16,625	16,625
	$ —	$ 43,652	$ 16,625	$ 60,277

	Fair value measurements as of December 31, 2022 using:			
	Level 1	**Level 2**	**Level 3**	**Total**
Deferred consideration liabilities	$ —	$ 61,300	$ —	$ 61,300
Contingent consideration liabilities	—	—	29,110	29,110
	$ —	$ 61,300	$ 29,110	$ 90,410

Level 2

The fair value of the deferred consideration relates to the Tryke acquisition as discussed in *Note 4 — Acquisitions*. Consideration to be paid in cash on the first, second and third anniversaries of the closing date was valued with a discount rate, consisting of the Company's credit spread and a risk-free rate, of 18.2%, 18.0% and 17.8%, respectively. The liabilities accrete in value until the payment due date, with changes in the value recognized within Interest expense on the Consolidated Statements of Operations.

Level 3

The fair value of the Company's Contingent consideration liability as of December 31, 2023 and 2022 were measured using the following Level 3 inputs:

- EMMAC: present value of EMMAC's achievement regulatory approval for recreational cannabis and meeting certain revenue targets in the U.K. market. The following discount rates were utilized in the determination of the present value of the liabilities.
  - Regulatory approval for recreational cannabis – 11.6% in 2022 and 13.1% in 2023.
  - Revenue targets in the U.K. market – 11.2% in 2022.
- Four20: present value of SVS to be issued utilized a discount rate of 13.5% for the second tranche of shares to be issued in September 2024.

There were no transfers between fair value levels during the years ended December 31, 2023 and 2022.

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, and all cash and cash equivalents are placed with major U.S. financial institutions.

The Company provides credit to its wholesale and management services agreement ("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 for 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 accounts. The Company has not adopted standardized credit policies and assesses credit on a customer-by-customer basis in an effort to minimize associated risks.

The Company's aging of trade receivables as of December 31, 2023 and 2022 is as follows:

	Year ended December 31,	
	2023	**2022**
0 to 90 days	$ 47,633	$ 40,019
91 to 180 days	6,925	3,423
181 days +	1,102	1,737
Total accounts receivable, net	$ 55,660	$ 45,179

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet the financial obligations associated with its 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. See *Note 14 – Notes Payable – Senior Secured Notes - 2026*. 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 three sets of secured promissory notes to the former Bloom owners in the aggregate of $160 million. The first set of secured promissory notes, with total principal of $50 million, matured in January 2023. The Restructured Bloom Note (i.e. the second set of secured promissory notes) has total principal of $47.5 million that is comprised of an Installment Amount of $31 million, which is payable in ten equal monthly installments from January 18, 2024 to October 18, 2024 and a Conversion Amount of $16.5 million, which has a maturity date of January 18, 2025. The Installment Amount bears interest of 10% and the Conversion Amount may be convertible, subject to the TSX prior approval, at the option of the Bloom lenders or the Company in certain circumstances. The third set of promissory notes are convertible promissory notes, with total principal of $60 million, that mature in January 2025 and bear interest at a rate of 4% per annum. Interest payments on the Bloom Notes – 2025 are not required until maturity, when all principal and accrued interest will become due. At the option of the sellers of Bloom, the third set of promissory notes may be settled by the Company issuing SVS at maturity. See *Note 14 — Notes payable – Bloom Notes* for further details.

In addition to the commitments outlined in *Note 11 — Leases*, *Note 14 — Notes payable* and *Note 24 — Commitments and contingencies*, the Company had the following financial obligations as of December 31, 2023 and 2022:

	< 1 Year	1 to 3 Years	Total
December 31, 2023:			
Accounts payable	$ 79,319	$ —	$ 79,319
Accrued expenses	101,311	—	101,311
Other current liabilities	1,256	—	1,256
Contingent consideration liability	11,901	4,724	16,625
Uncertain tax position	—	79,142	79,142
Other long-term liability	—	1,346	1,346
	$ 193,787	$ 85,212	$ 278,999

	< 1 Year	1 to 3 Years	Total
December 31, 2022:			
Accounts payable	$ 80,789	$ —	$ 80,789
Accrued expenses	103,311	—	103,311
Other current liabilities	1,723	—	1,723
Contingent consideration liability	18,538	10,572	29,110
Uncertain tax position	—	94,516	94,516
Other long-term liability	—	313	313
	$ 204,361	$ 105,401	$ 309,762

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.

Capital Management

The Company's primary objective when managing capital is to continually provide returns to the its shareholders and benefits to its other stakeholders. To achieve this objective, the Company implemented processes designed to ensure there are adequate capital resources to safeguard the Company's ability to continue as a going concern and to maintain adequate levels of funding to support the Company's ongoing operations and development.

The capital structure of the Company consists of shareholders' equity and debt, net of cash and cash equivalents. The Company manages and makes adjustments to its capital structure, based on changes in the economic conditions of the jurisdictions in which the Company operates and on the risk characteristics of the Company's underlying assets. The Company plans to use existing funds, as well as funds from the future sale of products to fund operations and expansion activities.

Note 27 — Variable interest entities

For further detail on the variable interest entities consolidated within the Consolidated Financial Statements, see *Basis of consolidation* within *Note 2 — Basis of presentation and consolidation*. Because cannabis remains a Schedule I controlled substance for U.S. Federal purposes, the assets of the Company's variable interest entities can typically be used only to settle obligations of the variable interest entities, except for certain grandfathered obligations.

The following table presents summarized financial information about the Company's variable interest entities as of and for the years ended December 31, 2023 and 2022:

	As of December 31,	
	2023	2022
	Curaleaf, Inc	Curaleaf, Inc
Included in Consolidated Balance Sheets:		
Current assets	$ 356,037	$ 552,607
Non-current assets	2,371,221	2,462,114
Current liabilities	924,456	917,905
Non-current liabilities	914,807	1,009,701
Equity attributable to Curaleaf Holdings, Inc.	711,380	1,016,691

	For the years ended December 31,	
	2023	2022
	Curaleaf, Inc	Curaleaf, Inc
Included in Consolidated Statements of Operations:		
Revenues	$ 1,282,701	$ 1,298,652
Net loss attributable to Curaleaf Holdings, Inc.	$ 211,467	$ 349,324

Note 28 — Subsequent events

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. The determination of the purchase price allocation is still pending, as the Company is in the process of finalizing the valuation of identifiable assets acquired and liabilities assumed. The Company expects to complete the purchase price allocation by the quarter ending March 31, 2024.

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 of Can4Med S.A. for total consideration of €1.5 million, which consists of equal parts cash consideration and equity consideration. Additionally, the transaction includes contingent consideration that is dependent on the Company's future performance. 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. strategically positions the Company to continue expanding its International operations. The determination of the purchase price allocation is still pending, as the Company is in the process of finalizing the valuation of identifiable assets acquired and liabilities assumed. The Company expects to complete the purchase price allocation by the quarter ending March 31, 2024.