

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.**

This "Management's Discussion and Analysis of Financial Condition and Results of Operations" of Trulieve Cannabis Corp., together with its subsidiaries ("Trulieve," the "Company," "we," "our," or "us") should be read in conjunction with the accompanying unaudited condensed consolidated financial statements and the related notes included elsewhere within this Quarterly Report on Form 10-Q and the Audited Consolidated Financial Statements and the related Notes thereto and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (our "2025 Form 10-K").

*This discussion contains forward-looking statements and involves numerous risks and uncertainties, including but not limited to those described in the “Risk Factors” section of this Quarterly Report on Form 10-Q and in “Part I, Item 1A. Risk Factors” in our 2025 Form 10-K. Actual results may differ materially from those contained in any forward-looking statements. You should read “Cautionary Note Regarding Forward-Looking Statements” and “Risk Factors” contained herein and in our 2025 Form 10-K. See “Special Note Regarding Forward-Looking Statements and Projections” in “Part II. Other Information” of this report. You should consider our forward-looking statements in light of the risks discussed in “Item 1A. Risk Factors” in “Part II. Other Information” of this report and our unaudited condensed consolidated financial statements, related notes and other financial information appearing elsewhere in this report, and the risks discussed in "Item 1A, Risk Factors" of the Form 10-K and our other filings with the Securities and Exchange Commission (the “SEC”).*

### **Overview**

Trulieve Cannabis Corp. is a reporting issuer in the United States and Canada. The Company’s Subordinate Voting Shares (as hereinafter defined) are listed for trading on the Canadian Securities Exchange (“CSE”) under the symbol “TRUL” and are also traded in the United States on the OTCQX Best Market (“OTCQX”) under the symbol “TCNNF”.

Trulieve is a vertically integrated cannabis company and multi-state operator with operations in nine states. Headquartered in Tallahassee, Florida, we are the largest cannabis retailer in the United States. We are committed to delivering exceptional customer experiences through elevated service and high-quality branded products. We aim to be the brand of choice for medical and adult-use customers in all of the markets that we serve. The Company operates in highly regulated markets that require expertise in cultivation, manufacturing, and retail. We have developed proficiencies in each of these functional areas and are passionate about expanding access to regulated cannabis products through advocacy, education and expansion of our distribution network.

All of the states in which we operate have developed programs to permit the use of cannabis products for medicinal purposes to treat specific conditions and diseases, which we refer to as medical cannabis. Recreational cannabis, or adult-use cannabis, is legal cannabis sold in licensed dispensaries to adults ages 21 and older. Thus far, of the states in which we operate, Arizona, Colorado, Connecticut, Maryland, and Ohio, have already launched programs legalizing the sale of adult-use cannabis products. Trulieve operates its business through its owned subsidiaries which hold licenses in the states in which they operate. In Texas, Trulieve was granted conditional approval for a dispensing organization license under the Texas Compassionate Use Program.

As of March 31, 2026, we operated the following:

State	Number of Dispensaries	Number of Cultivation and Processing Facilities
Florida	165	5
Arizona	22	3
Pennsylvania	21	3
West Virginia	10	1
Ohio	8	—
Georgia	6	1
Maryland	3	1
Connecticut	1	—
Colorado	—	1
Total	236	15

### Regional Hub Structure

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

In Florida and Georgia, Trulieve cultivates, processes, and manufactures all cannabis products sold in our dispensaries. In other markets including Arizona, Maryland, Pennsylvania, and West Virginia, we have achieved varying percentages of vertical integration with cultivation and processing operations to support our retail and wholesale businesses. Our investments in vertically integrated operations in several of our markets afford us ownership of the entire supply chain, which mitigates third-party risks and allows us to completely control product quality and brand experience. Trulieve employs an in-house quality team as well as testing laboratories in select markets, both of which allow us to more tightly control product quality.

### Cultivation and Manufacturing of Cannabis Products

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

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

## **Distribution of Branded Product through Branded Retail**

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

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

## **Customer Experience**

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

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

## **Customer Engagement**

Trulieve's customer engagement activities are designed to foster deep connections with medical patients and adult use customers in person and online. Through educational events, local partnerships and charitable giving, Trulieve supports community activity while raising awareness for the many benefits of cannabis.

Community engagement is rooted in our commitment to four pillars of purpose: helping patients, serving veterans, assisting seniors, and promoting restorative justice. Compassionate outreach to patients and physicians includes personalized consultations, educational workshops, and resources to empower patients, physicians, and caregivers with knowledge about wellness strategies and treatment options. Trulieve is committed to serving unique patient populations including veterans and seniors. We partner with veteran organizations to raise awareness of the need for access to medical cannabis to directly address issues such as post-traumatic stress disorder, chronic pain, and mental health. Our advocacy efforts include raising awareness about veterans' healthcare needs and supporting initiatives that expand access to medical cannabis. We provide tailored educational resources to address common concerns about cannabis use in older adults, including potential benefits for age-related conditions, helping seniors make informed decisions to enhance their overall well-being. Recognizing the need for restorative justice within the cannabis industry, Trulieve works alongside advocacy groups and partner brands to aid those disproportionately affected by cannabis prohibition.

## **Investments in Infrastructure and Technology**

We have made significant investments in developing and deploying technology and data platforms designed to support scaled operations and growth in customers served and units sold. Marketing technology enables personalized customer communication, allows seamless product browsing and online reservation, and creates exceptional experiences throughout the customer journey. We interact with customers and physicians through a variety of methods including email, mobile app, social media, online chat, text and telephone. In all markets, Trulieve offers a customer rewards program featuring fully stackable and portable points as appropriate within existing regulatory frameworks. Through our customer data platform, we can analyze data to discern customer preferences, patterns, and trends which inform our product mix and allocation, promotional strategies, and outreach. Investments in our enterprise-grade platforms enable greater sophistication across production, retail, and wholesale operations and numerous support functions including accounting and finance, human resources, legal and compliance. We believe infrastructure and data capabilities are prerequisites for long term success in an increasingly competitive and integrated commerce environment.

## **Competitive Conditions and Position**

The markets in which we operate are highly competitive markets with relatively high barriers to entry given the limited quantity of licenses available and the highly regulated nature of the cannabis industry. See “—Regulatory Overview” in Item 1—Business in our 2025 Form 10-K for additional information regarding the impact of regulation on our business. We compete directly with cannabis producers and retailers within single-state operating markets, as well as those that operate across several U.S. state markets.

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

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

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

See Item 1A—“Risk Factors” of our 2025 Form 10-K for additional information regarding competition.

## **Seasonality**

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

## **Recent Developments**

On April 23, 2026, the U.S. Department of Justice (the "DOJ") announced the finalization of the rescheduling of medical marijuana under the Controlled Substances Act (the "CSA") from Schedule I to Schedule III. As a result of the rescheduling, certain federal tax, regulatory, and research restrictions applicable to Schedule I substances no longer apply to medical marijuana. The DOJ announcement also provided state-legal medical marijuana businesses an expedited process

for registration with the Drug Enforcement Administration (the "DEA"). The Company has applied for DEA licenses in Florida, Georgia, Pennsylvania and West Virginia, with the expected effect that the Company's operations in those medical-only states are federally legal. Finally, the DOJ announcement restarted the process for rescheduling adult use marijuana from Schedule I to Schedule III.

### **Critical Accounting Policies and Estimates**

The preparation of the condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company's accounting policies that we believe are the most critical to aid in fully understanding and evaluating our reported financial results are described in our 2025 Form 10-K under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates." During the three months ended March 31, 2026, there were no significant changes to our critical accounting policies and estimates.

### **Financial Review**

#### *Results of Continuing Operations*

This section of this Form 10-Q generally describes and compares our results of continuing operations for the three months ended March 31, 2026 and 2025.

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

	<b>Three Months Ended March 31,</b>			
	<b>2026</b>	<b>2025</b>	<b>2026 vs. 2025</b>	
	<i>(in thousands)</i>			
<b>Statements of Operations Data</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount Change</b>	<b>Percentage Change</b>
Revenue	\$286,754	\$ 297,760	\$ (11,006)	(4)%
Cost of goods sold	116,673	114,541	2,132	2 %
Gross profit	170,081	183,219	(13,138)	(7)%
Expenses:				
Selling, general, and administrative	104,895	118,772	(13,877)	(12)%
Depreciation and amortization	29,743	29,328	415	1 %
(Gain) loss on disposal or impairment of assets	(282)	1,793	(2,075)	(116)%
Total expenses	134,356	149,893	(15,537)	(10)%
Income from operations	35,725	33,326	2,399	7 %
Other income (expense):				
Interest expense, net	(13,321)	(16,295)	(2,974)	(18)%
Interest income	2,684	3,068	(384)	(13)%
Other income, net	132	228	(96)	(42)%
Total other expense, net	(10,505)	(12,999)	(2,494)	(19)%
Income before provision for income taxes	25,220	20,327	4,893	24 %
Provision for income taxes	21,859	52,464	(30,605)	(58)%
Net income (loss) from continuing operations	3,361	(32,137)	(35,498)	(110)%
Net loss from discontinued operations, net of tax benefit \$360 and \$0, respectively	(1,078)	(1,622)	(544)	(34)%
Net income (loss)	<u>\$ 2,283</u>	<u>\$ (33,759)</u>	<u>\$ (36,042)</u>	<u>(107)%</u>
<b>Percentage of Revenue</b>	<b>2026</b>	<b>2025</b>		
Cost of goods sold	40.7 %	38.5%		
Gross profit	59.3 %	61.5%		
Selling, general, and administrative	36.6 %	39.9%		

#### Revenue

Revenue for the three months ended March 31, 2026 was \$286.8 million, a decrease of \$11.0 million, from \$297.8 million for the three months ended March 31, 2025. The decrease in revenue was driven by a \$16.8 million decrease in retail revenue partially offset by a \$5.8 million increase in wholesale and other revenue.

The increase in wholesale and other revenue was driven primarily by a continued focus on new and expanded relationships with wholesale partners, resulting in higher wholesale revenue across several core markets.

The decrease in retail revenue reflects continued price compression, partially offset by contributions from new retail dispensary openings; the Company operated 236 dispensaries as of March 31, 2026, compared to 229 dispensaries as of March 31, 2025.

*Cost of Goods Sold and Gross Profit*

Cost of goods sold for the three months ended March 31, 2026 was \$116.7 million, an increase of \$2.1 million from \$114.5 million for the three months ended March 31, 2025. Cost of goods sold as a percentage of revenue was 40.7% for the three months ended March 31, 2026 as compared to 38.5% for the three months ended March 31, 2025. Gross profit for the three months ended March 31, 2026 was \$170.1 million, a decrease of \$13.1 million from \$183.2 million for the three months ended March 31, 2025. Gross profit as a percentage of revenue was 59.3% for the three months ended March 31, 2026 as compared to 61.5% for the three months ended March 31, 2025. Gross margin will continue to fluctuate quarter to quarter depending on product and market mix, inventory sell through, promotional activity and idle capacity costs.

*Selling, General, and Administrative Expense*

Selling, general, and administrative expense for the three months ended March 31, 2026 was \$104.9 million, a decrease of \$13.9 million from \$118.8 million for the three months ended March 31, 2025. Selling, general, and administrative expense as a percentage of revenues was 36.6% for the three months ended March 31, 2026, compared to 39.9% for the three months ended March 31, 2025. The decrease in the current period expenditures compared to the prior year comparable period reflects lower campaign and political contributions, totaling \$9.5 million in the current period compared to \$23.0 million in the prior year period.

*Depreciation and Amortization Expense*

Depreciation and amortization expense for the three months ended March 31, 2026 was \$29.7 million, an increase of \$0.4 million from \$29.3 million for the three months ended March 31, 2025.

*(Gain) loss on disposal or impairment of assets*

Impairment and other charges, net of recoveries was a gain of \$0.3 million for the three months ended March 31, 2026 compared to a loss of \$1.8 million for the three months ended March 31, 2025.

*Interest Expense, Net*

Interest expense, net for the three months ended March 31, 2026 was \$13.3 million, a decrease of \$3.0 million from \$16.3 million for the three months ended March 31, 2025. The decrease was primarily driven by a reduction in overall debt in the current period as compared to the prior period.

*Interest Income*

Interest income for the three months ended March 31, 2026 was \$2.7 million, a decrease of \$0.4 million from \$3.1 million for the three months ended March 31, 2025.

*Other Income, Net*

Other income, net for the three months ended March 31, 2026 was \$0.1 million, a decrease of \$0.1 million from \$0.2 million for the three months ended March 31, 2025.

*Provision for Income Taxes*

The provision for income taxes for the three months ended March 31, 2026 was \$21.9 million, a decrease of \$30.6 million from \$52.5 million for the three months ended March 31, 2025. The provision for income taxes as a percentage of gross profit was 12.9% for the three months ended March 31, 2026, compared to 28.6% for the three months ended March 31, 2025. The decrease was primarily driven by the Company not applying IRC Section 280E for the 2026 taxable year, where the prior period included the impact of IRC Section 280E.

## **Management's Use of Non-GAAP Measures**

Our management uses a financial measure that is not in accordance with generally accepted accounting principles in the U.S., or GAAP, in addition to financial measures in accordance with GAAP to evaluate our operating results. This non-GAAP financial measure should be considered supplemental to, and not a substitute for, our reported financial results prepared in accordance with GAAP. Adjusted EBITDA is a financial measure that is not defined under GAAP. Our management uses this non-GAAP financial measure and believes it enhances an investor's understanding of our financial and operating performance from period to period because it excludes certain material non-cash items and certain other adjustments management believes are not reflective of our ongoing operations and performance. EBITDA is calculated as net income (loss) before net: interest expense, interest income, provision for income taxes, and depreciation and amortization. Adjusted EBITDA is calculated as net income (loss) before net interest expense, interest income, provision for income taxes and depreciation and amortization, which is then adjusted for certain contributions, such as campaign and political initiatives, items that we do not believe represent the operations of the core business such as acquisition, transaction and other non-recurring costs including major system changes, impairments and disposals of long-lived assets including goodwill, discontinued operations, share-based compensation, other income and expense items.

We report Adjusted EBITDA to help investors assess the operating performance of the Company's business. The financial measure noted above is a metric that has been adjusted from the GAAP net income (loss) measure in an effort to provide readers with a normalized metric in making comparisons more meaningful across the cannabis industry as competitors commonly disclose similar performance measures; however, our calculation of Adjusted EBITDA may not be comparable to other similarly titled performance measures of other companies, as well as to remove non-recurring, irregular and one-time items that may otherwise distort the GAAP net income (loss) measure.

As noted above, our Adjusted EBITDA is not prepared in accordance with GAAP, and should not be considered in isolation of, or as an alternative to, measures prepared in accordance with GAAP. There are a number of limitations related to the use of Adjusted EBITDA rather than net income (loss), which is the most directly comparable financial measure calculated and presented in accordance with GAAP. Because of these limitations, we consider, and you should consider, Adjusted EBITDA together with other operating and financial performance measures presented in accordance with GAAP. A reconciliation of net income (loss), the most directly comparable financial measure calculated in accordance with GAAP, to Adjusted EBITDA, has been included herein immediately following our discussion of "Adjusted EBITDA".

### Adjusted EBITDA

Adjusted EBITDA for the three months ended March 31, 2026 was \$100.4 million, a decrease of \$8.8 million from \$109.2 million for the three months ended March 31, 2025, driven by lower revenue.

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

	<b>Three Months Ended March 31,</b>	
	<b>2026</b>	<b>2025</b>
	<i>(in thousands)</i>	
Net income (loss) attributable to common shareholders	\$ 2,406	\$ (32,870)
Add (deduct) impact of:		
Interest expense, net	13,321	16,295
Interest income	(2,684)	(3,068)
Provision for income taxes	21,859	52,464
Depreciation and amortization	29,743	29,328
Depreciation included in cost of goods sold	13,989	13,855
EBITDA (Non-GAAP)	78,634	76,004
(Gain) loss on disposal or impairment of assets	(282)	1,793
Campaign and political contributions	9,540	22,952
Acquisition, transaction, and other non-recurring costs	7,447	3,104
Share-based compensation	4,137	3,943
Other income, net	(132)	(228)
Discontinued operations, net of tax, attributable to common shareholders	1,078	1,622
Total adjustments	21,788	33,186
Adjusted EBITDA (Non-GAAP)	\$ 100,422	\$ 109,190
Adjusted EBITDA (Non-GAAP) % of Revenue	35.0 %	36.7 %

### Liquidity and Capital Resources

#### Sources of Liquidity

Since our inception, we have funded our operations and capital spending through cash flows from product sales, third-party debt, proceeds from the sale of our capital stock and loans from affiliates and entities controlled by our affiliates. We are generating cash from operations and are deploying our capital reserves to acquire and develop assets capable of producing additional revenues to support our business growth when advisable. Our current principal sources of liquidity are our cash and cash equivalents provided by our operations as well as debt and equity offerings. The Company has generated, and expects to continue to generate, additional cash from operations. Cash and cash equivalents consist primarily of cash on deposit with banks and money market funds.

Our primary uses of cash are for working capital requirements, capital expenditures, debt service payments, and income tax payments. Additionally, we may use cash to support cannabis market expansion related initiatives, such as Smart & Safe Florida. Working capital is used principally for personnel expenses as well as costs related to the cultivation, processing and distribution of our products. Our capital expenditures consist primarily of additional cultivation and processing facilities and retail dispensaries, and improvements to existing facilities to support the long-term growth in markets with adult-use catalysts as well as investments in technology infrastructure.